

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where issuer is located):

Provide nine-digit CUSIP* numbers if available, to which the information relates:

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IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): State of Utah, Utah and the State Building Ownership Authority, Utah

Other obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: 917542, 917547

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

☒ Electronic (number of pages attached) 257 ☐ Paper (number of pages attached) _____

If information is also available on the Internet, give URL: <http://www.finance.state.ut.us/bonds/disclosure.htm>

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. ☒ Annual Financial Information and Operating Data pursuant to Rule 15c2-12

(Financial information and operating data should not be filed with MSRB.)

Fiscal Period Covered: December 31, 2005

B. ☒ Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: June 30, 2005

C. ☐ Notice of Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- | | |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payments delinquencies | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security |
| 2. <input type="checkbox"/> Non-payment related defaults | 7. <input type="checkbox"/> Modifications to the rights of security holders |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties | 9. <input type="checkbox"/> Defeasances |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
| | 11. <input type="checkbox"/> Rating changes |

D. ☐ Notice of Failure to Provide Annual Financial Information as Required

E. ☐ Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name Edward T. Alter

Title Utah State Treasurer

Employer State of Utah

Address Utah State Capitol Complex East Office Bldg Ste E315 (PO Box 142315)

City Salt Lake City

State UT Zip Code 84114-2315

Telephone 801.538.1042

Fax 801.538.1465

Email Address ealter@utah.gov

Issuer Web Site Address www.treasurer.state.ut.us

Dissemination Agent Contact, if any:

Name _____

Title _____

Employer _____

Address _____

City _____

State _____ Zip Code _____

Telephone _____

Fax _____

Email Address _____

Relationship to Issuer _____

Obligor Contact, if any:

Name _____

Title _____

Employer _____

Address _____

City _____

State _____ Zip Code _____

Telephone _____

Fax _____

Email Address _____

Obligor Web Site Address _____

Investor Relations Contact, if any:

Name _____

Title _____

Telephone _____

Email Address _____

Supplemental
Continuing Disclosure Memorandum

Summary of Debt Structure and Financial Information
SEC Rule 15c2-12

For

State of Utah

And The

State Building Ownership Authority of the State of Utah



Filed with the
Following Nationally Recognized Municipal
Securities Information Repositories

Bloomberg Municipal Repository
DPC Data Inc.

FT Interactive Data
Standard & Poor's J.J. Kenny Repository

Dated as of December 31, 2005
Submission required by January 15, 2006

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GENERAL

CONTACT PERSON FOR THE STATE OF UTAH

As of the date of this Supplemental Continuing Disclosure Memorandum, the chief contact person for the State of Utah (the “State”) is:

Edward T. Alter, Utah State Treasurer, and
Board Member and Secretary of the Authority
elialter@utah.gov
Utah State Treasurer
Utah State Capitol Complex
East Office Bldg Ste E315
(PO Box 142315)
Salt Lake City UT 84114-2315
801.538.1042—Fax 801.538.1465

The State maintains an internet site that may be accessed at <http://www.utah.gov>. *The information available at this internet site is provided by the State in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information is not at part of this Supplemental Continuing Disclosure Memorandum.*

When used herein the terms “Fiscal Year[s]” or “Fiscal Year[s] End[ed][ing] June 30, YYYY” shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year.

THE ISSUES

The State is providing continuing disclosure on the following 22 issues (9 general obligation bond issues and 13 lease revenue bond issues):

General Obligation Bonds (issued by the State)

1.

\$140,635,000
State of Utah
General Obligation Bonds, Series 2004B

Bonds dated: July 1, 2004—Bonds issued on July 1, 2004

CUSIP numbers on the bonds are provided below.

Background Information. The \$140,635,000 General Obligation Bonds, Series 2004B, dated July 1, 2004 (the “2004B GO Bonds”) were awarded pursuant to competitive bidding held, June 16, 2004 to Morgan Stanley & Co., New York, New York; as Senior Manager; with Bear, Stearns & Co., New York, New York; and JP Morgan Securities, New York, New York; as Co-Managers; at a “true interest rate” of 3.75%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004B GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York (“DTC”). DTC is currently acting as securities depository for the 2004B GO Bonds.

Principal of and interest on the 2004B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2004B GO Bonds maturing on or prior to July 1, 2014, are not subject to optional redemption prior to maturity. The 2004B GO Bonds maturing on or after July 1, 2015, are subject to redemption at the option of the State on July 1, 2014, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2004B GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Current Maturity Schedule.

Current principal outstanding: \$126,280,000

Original issue amount: \$140,635,000

Dated: July 1, 2004

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	MN 9	\$ 7,785,000	5.00 %	2013	MV 1	\$ 3,750,000	5.00 %
2007	MP 4	6,865,000	5.00	2014	MW 9	3,950,000	5.00
2008	MQ 2	9,970,000	5.00	2015	MX 7	4,125,000	5.00
2009	MR 0	11,180,000	5.00	2016	MY 5	4,350,000	5.00
2010	MS 8	25,755,000	5.00	2017	MZ 2	4,550,000	5.00
2011	MT 6	30,600,000	5.00	2018	NA 6	4,800,000	5.00
2012	MU 3	3,575,000	5.00	2019	NB 4	5,025,000	5.00

Bank Qualified Obligations. The 2004B GO Bonds are not “bank qualified.”

Security. The 2004B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2004B GO Bonds as to both principal and interest.

2.

\$314,775,000
State of Utah
General Obligation Refunding Bonds, Series 2004A

Bonds dated: March 2, 2004—Bonds issued on March 2, 2004
CUSIP numbers on the bonds are provided below.

Background Information. The \$314,775,000 General Obligation Refunding Bonds, Series 2004A, dated March 2, 2004 (the “2004A GO Bonds”) were awarded pursuant to negotiations held with Goldman, Sachs & Co., San Francisco, California; as Senior Manager; with Merrill Lynch & Co., Los Angeles, California; USB Financial Services Inc., New York, New York; George K. Baum & Co., Salt Lake City, Utah; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Managers; at a “true interest rate” of 3.48%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004A GO Bonds.

Principal of and interest on the 2004A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2004A GO Bonds are not subject to redemption prior to maturity.

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Current Maturity Schedule.

Current principal outstanding: \$314,775,000

Original issue amount: \$314,775,000

Dated: March 2, 2004

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2010	MC 3	\$ 39,310,000	4.00 %		2014	MG 4	\$ 73,595,000	5.00 %
2011	MD 1	40,830,000	4.00		2015	MH 2	73,910,000	5.00
2012	ME 9	11,245,000	5.00		2016	MJ 8	57,405,000	5.00
2013	MF 6	18,480,000	5.00					

Bank Qualified Obligations. The 2004A GO Bonds are not “bank qualified.”

Security. The 2004A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2004A GO Bonds as to both principal and interest.

3.

\$407,405,000

State of Utah

General Obligation Bonds, Series 2003A

Bonds dated: June 26, 2003—Bonds issued on June 26, 2003

CUSIP numbers on the bonds are provided below.

Background Information. The \$407,405,000 General Obligation Bonds, Series 2003A, dated June 26, 2003 (the “2003A GO Bonds”) were awarded pursuant to competitive bidding held, June 11, 2003 to Merrill Lynch & Co., New York, New York; at a “true interest rate” of 2.83%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2003A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2003A GO Bonds.

Principal of and interest on the 2003A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2003A GO Bonds maturing on or prior to July 1, 2013, are not subject to optional redemption prior to maturity. The 2003A GO Bonds maturing on or after July 1, 2014, are subject to redemption at the option of the State on July 1, 2013, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2003A GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: \$314,025,000

Original issue amount: \$407,405,000

Dated: June 26, 2003

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	LR 1	\$ 7,775,000	5.00 %	2012	LX 8	\$ 52,575,000	5.00 %
2007	LS 9	12,825,000	5.00	2013	LY 6	55,300,000	5.00
2008	LT 7	59,300,000	4.00	2014	LZ 3	18,500,000	5.00
2009	LU 4	61,125,000	4.50	2015	MA 7	16,000,000	5.00
2010	LV 2	50,025,000	5.00	2016	MB 5	57,785,000	5.00
2011	LW 0	15,100,000	5.00				

(~~Strike through~~) Principal and interest have been refunded by the 2004A GO Bonds.

Bank Qualified Obligations. The 2003A GO Bonds are not “bank qualified.”

Security. The 2003A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2003A GO Bonds as to both principal and interest.

4.

\$253,100,000
State of Utah
General Obligation Refunding Bonds, Series 2002B

Bonds dated: July 15, 2002—Bonds issued on July 31, 2002
CUSIP numbers on the bonds are provided below.

Background Information. The \$253,100,000 General Obligation Refunding Bonds, Series 2002B, dated July 15, 2002 (the “2002B GO Bonds”) were awarded pursuant to negotiations held with USB Paine Webber Inc., Seattle, Washington; as Senior Manager; with Bear, Stearns & Co. Inc., New York, New York; Goldman, Sachs & Co., San Francisco, California; George K. Baum & Co., Salt Lake City, Utah; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Managers; at a “true interest rate” of 3.80%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2002B GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2002B GO Bonds.

Principal of and interest on the 2002B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2002B GO Bonds are not subject to redemption prior to maturity.

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Current Maturity Schedule.

Current principal outstanding: \$250,860,000

Original issue amount: \$253,100,000

Dated: July 15, 2002

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	KS 0	\$ 160,000	3.000 %		2009	KW 1	\$ 20,000,000	5.000 %
2007	KT 8	120,000	3.000		2010	KX 9	53,670,000	5.375
2008	KU 5	29,455,000	5.250		2011	KY 7	56,705,000	5.375
2009	KV 3	30,835,000	5.375		2012	KZ 4	59,915,000	5.375

Bank Qualified Obligations. The 2002B GO Bonds are not “bank qualified.”

Security. The 2002B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2002B Bonds as to both principal and interest.

5.

\$281,200,000
State of Utah
General Obligation Bonds, Series 2002A

Bonds dated: June 1, 2002—Bonds issued on June 27, 2002

CUSIP numbers on the bonds are provided below.

Background Information. The \$281,200,000 General Obligation Bonds, Series 2002A, dated June 1, 2002 (the “2002A GO Bonds”) were awarded pursuant to competitive bidding held, June 12, 2002 to Salomon Smith Barney, New York, New York; as Senior Manager; with Banc One Capital Market, Inc., Chicago, Illinois; Bank of America Securities LLC, Charlotte, North Carolina; and Goldman, Sachs & Co., New York, New York; as Co-Managers; at a “true interest rate” of 3.92%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2002A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2002A GO Bonds.

Principal of and interest on the 2002A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2002A GO Bonds maturing on or prior to July 1, 2012, are not subject to optional redemption prior to maturity. The 2002A GO Bonds maturing on or after July 1, 2013, are subject to redemption at the option of the State on July 1, 2012, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, upon not less than 30 days’ prior written notice at a redemption price equal to 100% of the principal amount of the 2002A GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: \$122,250,000

Original issue amount: \$281,200,000

Dated: June 1, 2002

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	KE 1	\$ 48,075,000	5.00 %	2011	KK 7	\$ 6,325,000	5.25 %
2007	KF 8	50,575,000	5.00	2012	KL 5	0	0.00
2008	KG 6	5,525,000	5.00	2013	KM 3	—6,650,000	5.25
2009	KH 4	5,750,000	5.00	2014	KN 1	—29,350,000	5.25
2010	KJ 0	6,000,000	5.00	2015	KP 6	—58,200,000	5.25

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A GO Bonds.

Bank Qualified Obligations. The 2002A GO Bonds are not “bank qualified.”

Security. The 2002A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2002A GO Bonds as to both principal and interest.

6.

\$348,000,000
State of Utah
General Obligation Bonds, Series 2001B

Bonds dated: June 1, 2001—Bonds issued on July 2, 2001

CUSIP numbers on the bonds are provided below.

Background Information. The \$348,000,000 General Obligation Bonds, Series 2001B, dated June 1, 2001 (the “2001B GO Bonds”) were awarded pursuant to competitive bidding held, June 13, 2001 to Merrill Lynch & Co., New York, New York; at a “true interest rate” of 4.29%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001B GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001B GO Bonds.

Principal of and interest on the 2001B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2001B GO Bonds maturing on or prior to July 1, 2009, are not subject to optional redemption prior to maturity. The 2001B GO Bonds maturing on or after July 1, 2010, are subject to redemption at the option of the State on July 1, 2009, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2001 GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: \$141,675,000

Original issue amount: \$348,000,000

Dated: June 1, 2001

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	JS 2	\$ 33,250,000	4.50 %	2011	JX 1	\$ 41,050,000	4.50 %
2007	JT 0	34,650,000	4.50	2012	JY 9	41,550,000	4.50
2008	JU 7	36,125,000	4.50	2013	JZ 6	42,100,000	4.50
2009	JV 5	37,650,000	4.50	2014	KA 9	25,975,000	4.50
2010	JW 3	39,325,000	4.50				

(~~Strike through~~) Principal and interest have been refunded by the 2004A GO Bonds.

Bank Qualified Obligations. The 2001B GO Bonds are not “bank qualified.”

Security. The 2001B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2001B GO Bonds as to both principal and interest.

7.

\$265,000,000
State of Utah
General Obligation Bonds, Series 1998A

Bonds dated: June 15, 1998—Bonds issued on July 7, 1998

CUSIP numbers on the bonds are provided below.

Background Information. The \$265,000,000 General Obligation Bonds, Series 1998B, dated June 15, 1998 (the “1998A GO Bonds”) were awarded pursuant to competitive bidding held, June 15, 1998 to Merrill Lynch & Co., New York, New York; at a “true interest rate” of 4.43%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998A GO Bonds.

Principal of and interest on the 1998A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 1998A GO Bonds maturing on or prior to July 1, 2008, are not subject to optional redemption prior to maturity. The 1998A GO Bonds maturing on or after July 1, 2009, are subject to redemption, in whole or in part, at the election of the State on July 1, 2008, and on any date thereafter prior to maturity, from such maturities or parts thereof as shall be selected by the State and by lot within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days’ prior notice, at a redemption price of par plus accrued interest to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: \$53,250,000

Original issue amount: \$265,000,000

Dated: June 15, 1998

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	HR 6	\$ 16,775,000	5.00 %	2010	HV 7	\$ 20,750,000	5.00 %
2007	HS 4	17,750,000	5.00	2011	HW 5	21,850,000	5.00
2008	HT 2	18,725,000	5.00	2012	HX 3	23,000,000	5.00
2009	HU 9	19,725,000	5.00				

(~~Strike through~~) Principal and interest have been refunded by the 2002B GO Bonds.

Bank Qualified Obligations. The 1998A GO Bonds are not “bank qualified.”

Security. The 1998A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1998A GO Bonds as to both principal and interest.

8.

\$205,000,000
State of Utah
General Obligation Bonds, Series 1997F

Bonds dated: August 1, 1997—Bonds issued on August 14, 1997
CUSIP numbers on the bonds are provided below.

Background Information. The \$205,000,000 General Obligation Bonds, Series 1997F, dated August 1, 1997 (the “1997F GO Bonds”) were awarded pursuant to competitive bidding held, August 5, 1997 to Lehman Brothers, New York, New York; as Senior Manager; with Paine Webber Inc., New York, New York; Interstate/Johnson Lane Corp., Atlanta, Georgia; and Harris Trust & Savings Bank, Chicago, Illinois; as Co-Managers; and other members of a syndicate; at a “true interest rate” of 4.77%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997F GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997F GO Bonds.

Principal of and interest on the 1997F GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 1997F GO Bonds maturing on or prior to July 1, 2007, are not subject to call and redemption prior to maturity. The 1997F GO Bonds maturing on or after July 1, 2008, are subject to redemption, in whole or in part, at the election of the State, on any date on or after July 1, 2007, from such maturities or parts thereof as shall be selected by the State at the redemption price of par, plus accrued interest to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: \$33,850,000

Original issue amount: \$205,000,000

Dated: August 1, 1997

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	GV 8	\$ 16,475,000	5.50 %		2010	GZ 9	\$ 20,100,000	5.00 %
2007	GW 6	17,375,000	5.50		2011	HA 3	21,100,000	5.00
2008	GX 4	18,225,000	5.00		2012	HB 1	22,125,000	5.00
2009	GY 2	19,125,000	5.00					

(~~Strike through~~) Principal and interest have been refunded by the 2002B GO Bonds.

Bank Qualified Obligations. The 1997F GO Bonds are not “bank qualified.”

Security. The 1997F GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1997F GO Bonds as to both principal and interest.

9.

\$135,000,000
State of Utah
General Obligation Bonds, Series 1997E

Bonds dated: June 1, 1997—Bonds issued on July 1, 1997
CUSIP numbers on the bonds are provided below.

Background Information. The \$135,000,000 General Obligation Bonds, Series 1997E, dated June 1, 1997 (the “1997E GO Bonds”) were awarded pursuant to competitive bidding held, June 11, 1997 to Lehman Brothers, New York, New York; at a “true interest rate” of 4.83%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997E GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997E GO Bonds.

Principal of and interest on the 1997E GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 1997E GO Bonds maturing on or prior to July 1, 2007, are not subject to call and redemption prior to maturity. The 1997E GO Bonds maturing on or after July 1, 2008, are subject to redemption, in whole or in part, at the election of the State, on any date on or after July 1, 2007, from such maturities or parts thereof as shall be selected by the State at the redemption price of par, plus accrued interest to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: \$20,425,000

Original issue amount: \$135,000,000

Dated: June 1, 1997

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2006	GH 9	\$ 9,925,000	(1) 5.50 %		2010	GM 8	\$ -13,325,000	5.00 %
2007	GJ 5	10,500,000	(2) 5.50		2011	GN 6	-14,075,000	5.00
2008	GK 2	-11,950,000	4.80		2012	GP 4	-14,900,000	5.00
2009	GL 0	-12,625,000	4.90					

(~~Strike through~~) Principal and interest have been refunded by the 2002B GO Bonds.

(1) \$850,000 of the original maturity of \$10,775,000 has been refunded by the 2002B GO Bonds.

(2) \$850,000 of the original maturity of \$11,350,000 has been refunded by the 2002B GO Bonds.

Bank Qualified Obligations. The 1997E GO Bonds are not “bank qualified.”

Security. The 1997E GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1997E GO Bonds as to both principal and interest.

Lease Revenue Bonds (issued by the State Building Ownership Authority of the State)

1.

\$8,920,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Refunding Bonds, Series 2004B**

Bonds dated: October 26, 2004—Bonds issued on October 26, 2004

CUSIP numbers on the bonds are provided below.

Background Information. The \$8,920,000 Lease Revenue Refunding Bonds, Series 2004B, dated October 26, 2004 (the “2004B LR Bonds”) were awarded pursuant to negotiations held October 6, 2004 to USB Financial, Inc., New York, New York; as Senior Manager; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Manager; at a “true interest rate” of 3.38%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004B LR Bonds were issued by the State, State Building Ownership Authority (the “Authority”) as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004B LR Bonds.

Principal of and interest on the 2004B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo Bank Northwest, National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent and Trustee (“Wells Fargo”), to the registered owners thereof, currently DTC.

Optional Redemption. The 2004B LR Bonds are not subject to optional redemption prior to maturity (but are subject to redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Current Maturity Schedule.

Current principal outstanding: \$8,700,000

Original issue amount: \$8,920,000

Dated: October 26, 2004

Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	RK 9	\$ 85,000	3.00 %	2010	RP 8	\$ 1,380,000	5.00 %
2007	RL 7	90,000	3.00	2011	RQ 6	1,455,000	3.30
2008	RM 5	1,295,000	3.00	2012	RR 4	1,500,000	3.50
2009	RN 3	1,340,000	3.25	2013	RS 2	1,555,000	3.60

Bank Qualified Obligations. The 2004B LR Bonds are not “bank qualified.”

Security. Under the State Facilities Master Lease Agreement (the “Lease”), the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2004B LR Bonds and certain bonds issued on a parity with the 2004B LR Bonds coming due in each year, but only if and to the extent that the Utah State Legislature (the “Legislature”) annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2004B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2004B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by Wells Fargo Bank, N. A. (the “Trustee”) under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement (the “Indenture”) as security for the 2004B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2004B LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2004B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

2.

\$45,805,000

**State Building Ownership Authority of the State of Utah
Lease Revenue and Refunding Bonds, Series 2004A**

Bonds dated: October 26, 2004—Bonds issued on October 26, 2004

CUSIP numbers on the bonds are provided below.

Background Information. The \$45,805,000 Lease Revenue and Refunding Bonds, Series 2004A, dated October 26, 2004 (the “2004A LR Bonds”) were awarded pursuant to negotiations held October 6, 2004 to USB Financial, Inc., New York, New York; as Senior Manager; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Manager; at a “true interest rate” of 4.27%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004A LR Bonds.

Principal of and interest on the 2004A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2004A LR Bonds maturing on or before May 15, 2014, are not subject to optional redemption prior to maturity, except that, the 2004A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2004A LR Bonds maturing on or after May 15, 2015, are subject to redemption (i) in whole on any business day on or after May 15, 2014, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2014, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described

in this paragraph, the 2004A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2004A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2004A LR Bonds maturing on May 15, 2027, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2025	\$ 1,830,000
May 15, 2026	1,250,000
May 15, 2027 (Stated Maturity)	<u>710,000</u>
Total	<u>\$ 3,790,000</u>

Current Maturity Schedule.

Current principal outstanding: \$45,310,000

Original issue amount: \$45,805,000

Dated: October 26, 2004

Due: May 15, as shown below

\$41,520,000 Serial Bonds

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2006	QN 4	\$ 335,000	3.00 %	2016	QY 0	\$ 3,245,000	5.00 %
2007	QP 9	865,000	3.00	2017	QZ 7	3,405,000	5.00
2008	QQ 7	895,000	3.00	2018	RA 1	2,450,000	5.00
2009	QR 5	1,930,000	3.25	2019	RB 9	2,230,000	5.00
2010	QS 3	2,405,000	5.00	2020	RC 7	2,345,000	5.25
2011	QT 1	2,550,000	5.00	2021	RD 5	2,110,000	5.25
2012	QU 8	2,665,000	5.00	2022	RE 3	1,665,000	5.25
2013	QV 6	2,795,000	5.00	2023	RF 0	1,755,000	5.25
2014	QW 4	2,945,000	5.00	2024	RG 8	1,845,000	5.25
2015	QX 2	3,085,000	5.00				

\$3,790,000 4.75% Term Bond due May 15, 2027—(CUSIP 917547 RH 6)

Bank Qualified Obligations. The 2004A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2004A LR Bonds and certain bonds issued on a parity with the 2004A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2004A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2004A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2004A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2004A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2004A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

\$22,725,000
State Building Ownership Authority of the State of Utah
Lease Revenue and Refunding Bonds, Series 2003

Bonds dated: December 30, 2003—Bonds issued on December 30, 2003

CUSIP numbers on the bonds are provided below.

Background Information. The \$22,725,000 Lease Revenue and Refunding Bonds, Series 2003, dated December 30, 2003 (the “2003 LR Bonds”) were awarded pursuant to competitive bidding held, December 10, 2003 to Banc One Capital Markets, Inc., Chicago, Illinois; at a “true interest rate” of 4.15%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2003 LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2003 LR Bonds.

Principal of and interest on the 2003 LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2003 LR Bonds maturing on or before May 15, 2014, are not subject to redemption prior to maturity, except that, the 2003 LR Bonds are subject to extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2003 LR Bonds maturing on or after May 15, 2015, are subject to redemption (i) in whole on any business day on or after May 15, 2014, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2014, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the 2003 facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as provided in this paragraph, the 2003 LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2003 LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: \$22,610,000

Original issue amount: \$22,725,000

Dated: December 30, 2003

Due: May 15, as shown below

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2006	PQ 8	\$ 1,125,000	2.000 %	2016	QA 2	\$ 900,000	4.000 %
2007	PR 6	1,180,000	2.250	2017	QB 0	940,000	4.100
2008	PS 4	1,210,000	2.750	2018	QC 8	980,000	4.200
2009	PT 2	1,240,000	3.000	2019	QD 6	1,020,000	4.200
2010	PU 9	1,275,000	3.250	2020	QE 4	1,065,000	4.250
2011	PV 7	1,325,000	3.600	2021	QF 1	1,110,000	4.375
2012	PW 5	1,375,000	5.000	2022	QG 9	1,160,000	4.400
2013	PX 3	1,440,000	4.000	2023	QH 7	1,210,000	4.500
2014	PY 1	835,000	4.000	2024	QJ 3	1,265,000	4.500
2015	PZ 8	875,000	4.000	2025	QK 0	1,080,000	5.000

Bank Qualified Obligations. The 2003 LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2003 LR Bonds and certain bonds issued on a parity with the 2003 LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2003 LR Bonds during such period. The

Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. *The 2003 LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2003 LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2003 LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2003 LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.*

4.

\$30,300,000

**State Building Ownership Authority of the State of Utah
Variable Rate Demand Lease Revenue Bonds, Series 2001C**

Bonds dated: November 21, 2001—Bonds issued on November 21, 2001

CUSIP numbers on the bonds are provided below.

Background Information. The \$30,300,000 Variable Rate Demand Lease Revenue Bonds, Series 2001C, dated November 21, 2001 (the “2001C LR Bonds”) were awarded pursuant to negotiations held with Lehman Brothers Inc., New York, New York; at a variable interest rate. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001C LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001C LR Bonds.

The 2001C LR Bonds bear a variable rate of interest which interest rate will be determined by the Remarketing Agent for the 2001C LR Bonds, currently Lehman Brothers Inc., New York, New York.

The 2001C LR Bonds are issued in a multi-modal format. The final principal payment is May 15, 2022. The 2001C LR Bonds are issued in denominations of \$100,000. Interest is due monthly on the first Wednesday of each month which began December 3, 2001.

Wells Fargo is the bond registrar, paying agent, trustee, and tender agent for the 2001C LR Bonds under the Indenture. The trustee, registrar, paying agent and tender agent may resign or be removed and a successor may be appointed in accordance with the Indenture.

Optional Redemption. The 2001C LR Bonds are subject to optional redemption and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Optional Redemption of Bonds in the Daily Mode or the Weekly Mode

2001C Bonds in the Daily Mode or the Weekly Mode will be subject to redemption at the option of the Authority (at the direction of the Lessee), in whole or in part, in Authorized Denominations, on any Bond Interest Payment Date for those 2001C LR Bonds at a redemption price equal to the principal amount thereof.

2001C LR Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Commercial Paper Bonds will be subject to redemption at the option of the Authority (at the direction of the Lessee), in whole or in part, on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

Optional Redemption of Bonds in the Long Term Mode and Fixed Mode

2001C LR Bonds in a Long Term Mode or Fixed Mode will not be subject to redemption at the option of the Authority unless the following occurs: Upon receipt by the Trustee of a favorable opinion of Bond Counsel, the Remarketing Agent may establish an optional redemption schedule for the 2001C LR Bonds, including a no-call period and the percentages of principal amount, plus accrued interest, at which the 2001C LR Bonds may be redeemed at the option of the Authority (at the direction of the Lessee), given the duration of the Long Term Mode or the Fixed Mode (as the case may be), by determining and certifying to the Trustee, the Authority and the Lessee, on a date which is no later than the applicable Mode Change Date, the periods during which the 2001C LR Bonds shall not be subject to redemption (the “Call Protection Period”), the redemption premium or premiums (the “Call Premiums”), if any, applicable to the redemption of 2001C LR Bonds after the Call Protection Period and the period or periods during which the Call Premiums shall be effective necessary to establish the applicable Long Term Mode or Fixed Mode with respect to the 2001C LR Bonds.

Current Maturity Schedule.

Current principal outstanding: \$30,300,000

Original issue amount: \$30,300,000

Dated: November 21, 2001

Due: May 15, as shown below

\$30,300,000 Variable Rate Term Bond due May 15, 2022—(CUSIP 917547 PK 1)

Bank Qualified Obligations. The 2001C LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001C LR Bonds and certain bonds issued on a parity with the 2001C LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001C LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001C LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001C LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001C LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2001C LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Letter of Credit. From the date of original issuance through December 31, 2015, the 2001C LR Bonds will be payable from an irrevocable direct pay Letter of Credit issued by Landesbank Hessen–Thüringen Girozentrale acting through its New York Branch (the “Bank” or “Helaba”) in favor of the Trustee. The Trustee will be entitled to draw up to an amount sufficient to pay the principal of and up to 53 days of accrued interest on the 2001C LR Bonds in the Weekly Mode (at a maximum rate of 12% per annum), to be used (a) to pay the principal of and interest on the 2001C LR Bonds when due, and (b) to pay the purchase price of 2001C LR Bonds in the Weekly Mode tendered by the holders thereof but not remarketed in connection with the optional or mandatory tender thereof. The term of the Letter of Credit may be extended upon such terms and conditions as may be agreed upon by Helaba and the Authority. The 2001C LR Bonds will be subject to mandatory tender (i) on the Bond Interest Payment Date when the 2001C LR Bonds bear interest at a Commercial Paper Rate; (ii) upon a change in the method of determining the interest rate on the 2001C LR Bonds; (iii) when the 2001C LR Bonds bear interest at a Long Term Rate and a new Long Term Rate is to be determined; (iv) upon termination of the Letter of Credit due to an Event of Default under the Lease; (v) in the event that the Authority does not replace the Letter of Credit upon its expiration; or (vi) the Authority replaces the Letter of Credit during a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Long Term Mode. The Letter of Credit is being issued pursuant to a Letter of Credit Reimbursement Agreement, dated as of November 1, 2001, which as since been amended in the First Amendment to the Letter of Credit Reimbursement Agreement, dated as of November 1, 2004, between the Authority and Helaba.

5.

\$25,780,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 2001B**

Bonds dated: November 1, 2001—Bonds issued on November 21, 2001

CUSIP numbers on the bonds are provided below.

Background Information. The \$25,780,000 Lease Revenue Bonds, Series 2001B, dated November 1, 2001 (the “2001B LR Bonds”) were awarded pursuant to competitive bidding held, November 7, 2001 to PaineWebber, Inc., New York, New York; at a “true interest rate” of 4.62%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001B LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001B LR Bonds.

Principal of and interest on the 2001B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2001B LR Bonds maturing on or before May 15, 2011, are not subject to optional redemption prior to maturity, except that, the 2001B LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2001B LR Bonds maturing on or after May 15, 2012, are subject to redemption (i) in whole on any business day on or after November 15, 2011, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2011, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2001B LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2001B LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2001B LR Bonds maturing on May 15, 2024, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2022	\$ 1,760,000
May 15, 2023	1,850,000
May 15, 2024 (Stated Maturity)	<u>1,045,000</u>
Total	<u>\$ 4,655,000</u>

Current Maturity Schedule.

Current principal outstanding: \$24,490,000

Original issue amount: \$25,780,000

Dated: November 1, 2001

Due: May 15, as shown below

\$19,835,000 Serial Bonds

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
	917547				917547		
2006	NQ 0	\$ 895,000	4.00 %	2014	NY 3	\$ 1,225,000	4.20 %
2007	NR 8	935,000	4.00	2015	NZ 0	1,280,000	4.30
2008	NS 6	965,000	4.00	2016	PA 3	1,335,000	5.00
2009	NT 4	1,005,000	4.00	2017	PB 1	1,400,000	5.00
2010	NU 1	1,055,000	4.00	2018	PC 9	1,465,000	5.00
2011	NV 9	1,090,000	4.00	2019	PD 7	1,550,000	5.00
2012	NW 7	1,135,000	4.00	2020	PE 5	1,620,000	5.00
2013	NX 5	1,175,000	4.10	2021	PF 2	1,705,000	5.00

\$4,655,000 5.25% Term Bond due May 15, 2024—(CUSIP 917547 PJ 4)

Bank Qualified Obligations. The 2001B LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001B LR Bonds and certain bonds issued on a parity with the 2001B LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001B LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or***

taxing power of, the State or any of its political subdivisions. The issuance of the 2001B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.

6.

\$69,850,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 2001A

Bonds dated: November 1, 2001—Bonds issued on November 21, 2001

CUSIP numbers on the bonds are provided below.

Background Information. The \$69,850,000 Lease Revenue Bonds, Series 2001A, dated November 1, 2001 (the “2001A LR Bonds”) were awarded pursuant to competitive bidding held, November 7, 2001 to PaineWebber, Inc., New York, New York; at a “true interest rate” of 4.47%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001A LR Bonds.

Principal of and interest on the 2001A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2001A LR Bonds maturing on or before May 15, 2011, are not subject to optional redemption prior to maturity, except that, the 2001A LR Bonds are subject to extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2001A LR Bonds maturing on or after May 15, 2012, are subject to redemption (i) in whole on any business day on or after November 15, 2011, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2011, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2001A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2001A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: \$67,850,000

Original issue amount: \$69,850,000

Dated: November 1, 2001

Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate		Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	MU 2	\$ 3,175,000	5.00 %		2014	NC 1	\$ 4,175,000	5.00 %
2007	MV 0	3,125,000	5.00		2015	ND 9	4,400,000	5.00
2008	MW 8	3,250,000	5.00		2016	NE 7	4,625,000	5.00
2009	MX 6	3,375,000	5.00		2017	NF 4	4,850,000	5.00
2010	MY 4	3,500,000	5.00		2018	NG 2	5,100,000	5.00
2011	MZ 1	3,650,000	5.00		2019	NH 0	5,350,000	5.00
2012	NA 5	3,800,000	5.00		2020	NJ 6	5,600,000	5.00
2013	NB 3	3,975,000	5.00		2021	NK 3	5,900,000	5.00

Bank Qualified Obligations. The 2001A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001A LR Bonds and certain bonds issued on a parity with the 2001A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any

money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. *The 2001A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2001A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.*

7.

\$9,455,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1999A**

Bonds dated: August 1, 1999—Bonds issued on August 26, 1999
CUSIP numbers on the bonds are provided below.

Background Information. The \$9,455,000 Lease Revenue Bonds, Series 1999A, dated August 1, 1999 (the “1999A LR Bonds”) were awarded pursuant to competitive bidding held, August 4, 1999 to First Security Van Kasper, Salt Lake City, Utah, as Senior Manager; with Prudential Securities Inc., Los Angeles, California, as Co-Manager; and other members of a syndicate; at a “true interest rate” of 5.40%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1999A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1999A LR Bonds.

Principal of and interest on the 1999A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1999A LR Bonds maturing on or before May 15, 2009, are not subject to optional redemption prior to maturity, except that, the 1999A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1999A LR Bonds maturing on or after May 15, 2010, are subject to redemption (i) in whole on any business day on or after November 15, 2009, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2009, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1999A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1999A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1999A LR Bonds which matured on May 15, 2021 (in the amount of \$4,355,000) have been refunded by the 2004A LR Bonds.

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Current Maturity Schedule.

Current principal outstanding: \$1,495,000

Original issue amount: \$9,455,000

Dated: August 1, 1999

Due: May 15, as shown below

\$1,495,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	LZ 2	\$ 345,000	5.25 %	2011	ME 8	\$ 450,000	5.25 %
2007	MA 6	365,000	5.25	2012	MF 5	470,000	5.25
2008	MB 4	380,000	5.25	2013	MG 3	495,000	5.25
2009	MC 2	405,000	5.25	2014	MH 1	525,000	5.30
2010	MD 0	425,000	5.25				

~~\$4,335,000 5.50% Term Bond due May 15, 2021 (CUSIP 917547 MQ 1)~~

~~(Strike through)~~ Principal and interest have been refunded by the 2004A LR Bonds.

Bank Qualified Obligations. The 1999A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1999A LR Bonds and certain bonds issued on a parity with the 1999A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1999A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1999A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1999A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1999A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1999A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1999A LR Bonds when due are guaranteed under an insurance policy issued by Financial Security Assurance Inc (“FSA”).

8.

\$105,100,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Refunding Bonds, Series 1998C**

Bonds dated: August 15, 1998—Bonds issued on September 15, 1998

CUSIP numbers on the bonds are provided below.

Background Information. The \$105,100,000 Lease Revenue Refunding Bonds, Series 1998C, dated August 15, 1998 (the “1998C LR Bonds”) were awarded pursuant to negotiations held with Salomon Smith Barney, New York, New York, as Senior Manager; with First Security Capital Markets, Inc., Salt Lake City, Utah; George K. Baum & Co., Salt Lake City, Utah; Merrill Lynch & Co., Los Angeles, California; and PaineWebber Inc., Seattle, Washington, as Co-Managers; at a “true interest rate” of 4.80%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998C LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998C LR Bonds.

Principal of and interest on the 1998C LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1998C LR Bonds are not subject to optional redemption prior to maturity, except that, the 1998C LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Mandatory Sinking Fund Redemption. The 1998C LR Bonds maturing on May 15, 2019, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2016	\$ 9,950,000
May 15, 2017	9,835,000
May 15, 2018	8,940,000
May 15, 2019 (Stated Maturity)	<u>2,270,000</u>
Total	<u>\$ 30,995,000</u>

Current Maturity Schedule.

Current principal outstanding: \$104,805,000

Original issue amount: \$105,100,000

Dated: August 15, 1998

Due: May 15, as shown below

\$73,810,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	LH 2	\$ 1,120,000	4.20 %	2011	LN 9	\$ 9,065,000	5.50 %
2007	LJ 8	1,170,000	4.30	2012	LP 4	8,995,000	5.50
2008	LK 5	7,715,000	5.50	2013	LQ 2	9,490,000	5.50
2009	LL 3	8,130,000	5.50	2014	LR 0	10,010,000	5.50
2010	LM 1	8,575,000	5.50	2015	LT 6	9,540,000	5.50

\$30,995,000 5.50% Term Bond due May 15, 2019—(CUSIP 917547 LS 8)

Bank Qualified Obligations. The 1998C LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1998C LR Bonds and certain bonds issued on a parity with the 1998C LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1998C LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1998C LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1998C LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1998C LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1998C LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1998C LR Bonds when due are guaranteed under an insurance policy issued by FSA.

\$25,710,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1998A**

Bonds dated: July 1, 1998—Bonds issued on July 22, 1998

CUSIP numbers on the bonds are provided below.

Background Information. The \$25,710,000 Lease Revenue Bonds, Series 1998A, dated July 1, 1998 (the “1998A LR Bonds”) were awarded pursuant to negotiations held with Lehman Brothers, Seattle, Washington, as Senior Manager; with George K. Baum & Co., Kansas City Missouri; and Prudential Securities Inc., Seattle, Washington; as Co-Managers; at a “true interest rate” of 4.91%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998A LR Bonds.

Principal of and interest on the 1998A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1998A LR Bonds maturing on or before May 15, 2008, are not subject to optional redemption prior to maturity, except that, the 1998A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1998A LR Bonds maturing on or after May 15, 2009, are subject to redemption (i) in whole on any business day on or after May 15, 2008, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned Sites) thereunder or (ii) in part on May 15, 2008, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1998A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1998A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1998A LR Bonds which matured on May 15, 2020 (in the amount of \$5,800,000) have been refunded by the 2004A LR Bonds.

Current Maturity Schedule.

Current principal outstanding: \$2,215,000

Original issue amount: \$25,710,000

Dated: July 1, 1998

Due: May 15, as shown below

\$2,215,000 Serial Bonds

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2006	KK 6	\$ 705,000	4.40 %	2010	KP 5	\$ 840,000	4.70 %
2007	KL 4	735,000	4.50	2011	KQ 3	885,000	4.80
2008	KM 2	775,000	4.50	2012	KR 1	920,000	4.90
2009	KN 0	805,000	4.60				

~~**\$5,800,000 5.25% Term Bond due May 15, 2020 (CUSIP 917547 KZ 3)**~~

~~(Strike through)~~ Principal and interest have been refunded by the 2004A LR Bonds.

Bank Qualified Obligations. The 1998A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1998A LR Bonds and certain bonds issued on a parity with the 1998A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1998A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1998A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1998A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1998A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1998A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1998A LR Bonds when due are guaranteed under an insurance policy issued by FSA.

10.

\$4,150,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1997A**

Bonds dated: December 1, 1997—Bonds issued on December 18, 1997

CUSIP numbers on the bonds are provided below.

Background Information. The \$4,150,000 Lease Revenue Bonds, Series 1997A, dated December 1, 1997 (the “1997A LR Bonds”) were awarded pursuant to competitive bidding held, December 3, 1997 to George K. Baum & Co., Kansas City, Missouri; at a “true interest rate” of 5.06%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997A LR Bonds.

Principal of and interest on the 1997A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1997A LR Bonds maturing on or before May 15, 2008, are not subject to optional redemption prior to maturity, except that, the 1997A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1997A LR Bonds maturing on or after May 15, 2009, are subject to redemption (i) in whole on any business day on or after May 15, 2008, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2008, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional Base Rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1997A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1997A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1997A LR Bonds which matured on May 15, 2018 (in the amount of \$1,210,000) have been refunded by the 2004A LR Bonds.

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Current Maturity Schedule.

Current principal outstanding: \$565,000

Original issue amount: \$4,150,000

Dated: December 1, 1997

Due: May 15, as shown below

\$565,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	HX 2	\$ 180,000	4.60 %	2011	JC 6	\$ —230,000	4.90 %
2007	HY 0	190,000	4.60	2012	JD 4	—240,000	5.00
2008	HZ 7	195,000	4.70	2013	JE 2	—250,000	5.00
2009	JA 0	—205,000	4.80	2014	JF 9	—265,000	5.10
2010	JB 8	—215,000	4.80				

~~**\$1,210,000 5.125% Term Bond due May 15, 2018 (CUSIP 917547 JK 8)**~~

~~(Strike through)~~ Principal and interest have been refunded by the 2004A LR Bonds.

Bank Qualified Obligations. The 1997A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1997A LR Bonds and certain bonds issued on a parity with the 1997A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1997A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1997A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1997A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1997A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1997A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1997A LR Bonds when due are guaranteed under an insurance policy issued by AMBAC Assurance Corporation.

11.

\$16,875,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1996B**

Bonds dated: November 1, 1996—Bonds issued on December 4, 1996

CUSIP numbers on the bonds are provided below.

Background Information. The \$16,875,000 Lease Revenue Bonds, Series 1996B, dated November 1, 1996 (the “1996B LR Bonds”) were awarded pursuant to competitive bidding held, November 13, 1996 to Lehman Brothers, New York, New York; at a “true interest rate” of 5.30%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1996B LR Bonds were issued by the State Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1996B LR Bonds.

Principal of and interest on the 1996B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1996B LR Bonds maturing on or before May 15, 2006, are not subject to optional redemption prior to maturity, except that, the 1996B LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1996B LR Bonds maturing on or after May 15, 2007, are subject to redemption (i) in whole on any business day on or after November 15, 2006, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2006, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the U of U 1996B facilities pursuant to the Lease. If called for redemption as described in this paragraph, the 1996B LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1996B LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1996B LR Bonds which matured on May 15, 2013 (in the amount of \$4,460,000) have been refunded by the 2004B LR Bonds.

Current Maturity Schedule.

Current principal outstanding: \$2,245,000

Original issue amount: \$16,875,000

Dated: November 1, 1996

Due: May 15, as shown below

\$2,245,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	HG 9	\$ 1,095,000	5.00 %	2009	HK 0	\$ 1,270,000	5.20 %
2007	HH 7	1,150,000	5.00	2010	HL 8	1,335,000	5.30
2008	HJ 3	1,205,000	5.10				

~~\$4,460,000 5.40% Term Bond due May 15, 2013 (CUSIP 917547 HP 9)~~

~~(Strike through)~~ Principal and interest have been refunded by the 2004B LR Bonds.

Bank Qualified Obligations. The 1996B LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1996B LR Bonds and certain bonds issued on a parity with the 1996B LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1996B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1996B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1996B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1996B LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1996B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1996B LR Bonds when due are guaranteed under an insurance policy issued by MBIA Insurance Corporation (“MBIA”).

\$44,725,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1996A

Bonds dated: July 1, 1996—Bonds issued on August 1, 1996
CUSIP numbers on the bonds are provided below.

Background Information. The \$44,725,000 Lease Revenue Bonds, Series 1996A, dated November 1, 1996 (the “1996A LR Bonds”) were awarded pursuant to competitive bidding held, July 9, 1996 to Goldman, Sachs & Co., New York, New York, as Senior Manager; with Smith Barney Inc., New York, New York; Morgan Stanley & Co. Inc., New York, New York; and George K. Baum & Co., Kansas City, Missouri; as Co-Managers; at a “true interest rate” of 5.90%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1996A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1996A LR Bonds.

Principal of and interest on the 1996A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1996A LR Bonds maturing on or before May 15, 2006, are not subject to optional redemption prior to maturity, except that, the 1996A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1996A LR Bonds maturing on or after May 15, 2007, are subject to redemption (i) in whole on any business day on or after November 15, 2006, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2006, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease. If called for redemption as described in this paragraph, the 1996A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1996A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1996A LR Bonds which matured on May 15, 2016 (in the amount of \$5,140,000) and May 15, 2019 (in the amount of \$7,960,000) have been refunded by the 1998C LR Bonds.

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Current Maturity Schedule.

Current principal outstanding: \$3,915,000

Original issue amount: \$44,725,000

Dated: July 1, 1996

Due: May 15, as shown below

\$3,915,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	GK 1	\$ 1,905,000	5.50 %	2011	GQ 8	\$ —2,515,000	5.85 %
2007	GL 9	2,010,000	5.50	2012	GR 6	—2,100,000	5.90
2008	GM 7	—2,130,000	5.60	2013	GS 4	—2,225,000	5.95
2009	GN 5	—2,240,000	5.70	2014	GT 2	—2,355,000	6.00
2010	GP 0	—2,370,000	5.75				

~~\$5,140,000 6.00% Term Bond due May 15, 2016 (CUSIP 917547 GV 7)~~
~~\$7,960,000 6.00% Term Bond due May 15, 2019 (CUSIP 917547 GY 1)~~

~~(Strike through)~~ Principal and interest have been refunded by the 1998C LR Bonds.

Bank Qualified Obligations. The 1996A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1996A LR Bonds and certain bonds issued on a parity with the 1996A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1996A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1996A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1996A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1996A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1996A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1996A LR Bonds when due are guaranteed under an insurance policy issued by MBIA.

13.

\$93,000,000

**State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1995A**

Bonds dated: July 1, 1995—Bonds issued on August 15, 1995

CUSIP numbers on the bonds are provided below.

Background Information. The \$93,000,000 Lease Revenue Bonds, Series 1995A, dated July 1, 1995 (the “1995A LR Bonds”) were awarded pursuant to competitive bidding held, July 12, 1995 to Lehman Brothers, New York, New York, as Senior Manager; with J.P. Morgan Securities Inc., New York, New York; Kemper Securities Inc., Chicago, Illinois; and Bear, Stearns & Co. Inc., New York, New York; as Co-Managers; at a “true interest rate” of 5.62%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1995A LR Bonds were issued by Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1995A LR Bonds.

Principal of and interest on the 1995A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1995A LR Bonds maturing on or before May 15, 2005, are not subject to optional redemption prior to maturity, except that, the 1995A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1995A LR Bonds maturing on or after May 15, 2006, are subject to redemption (i) in whole on any business day on or after November 15, 2005, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2005, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease. If called for redemption as described in this paragraph, the 1995A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1995A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1995A LR Bonds which matured on May 15, 2018 (in the amount of \$18,555,000) have been refunded by the 1998C LR Bonds.

Current Maturity Schedule.

Current principal outstanding: \$8,100,000

Original issue amount: \$93,000,000

Dated: July 1, 1995

Due: May 15, as shown below

\$8,100,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate		Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2006	FM 8	\$ 3,945,000	5.125 %		2011	FS 5	\$ 5,110,000	5.500 %
2007	FN 6	4,155,000	5.200		2012	FT 3	5,390,000	5.625
2008	FP 1	4,365,000	5.300		2013	FU 0	5,695,000	5.625
2009	FQ 9	4,595,000	5.400		2014	FV 8	6,015,000	5.700
2010	FR 7	4,840,000	5.500		2015	FW 6	6,360,000	5.700

~~\$18,555,000 5.75% Term Bond due May 15, 2018 (CUSIP 917547 FZ 9)~~

~~(Strike through)~~ Principal and interest have been refunded by the 1998C LR Bonds.

Bank Qualified Obligations. The 1995A LR Bonds are not “bank qualified.”

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1995A LR Bonds and certain bonds issued on a parity with the 1995A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1995A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. *The 1995A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1995A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1995A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1995A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.*

Credit Enhancement. Payment of the principal of and interest on the 1995A LR Bonds when due are guaranteed under an insurance policy issued by AMBAC Indemnity Corporation.

DEBT STRUCTURE OF THE STATE OF UTAH

Legal Borrowing Authority

Constitutional and Statutory Limitations on State Indebtedness

Constitutional Debt Limit. Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to incurring such debt. The application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are estimated to be as follows on December 31, 2005:

Fair Market Value of Ad Valorem Taxable Property (1)	\$ 173,003,833,163
Uniform Fees in lieu of Ad Valorem Taxable Property (2)	12,616,364,086
Total Fair Market Value of Taxable Property (1)	<u>\$ 185,620,197,249</u>
Constitutional Debt Limit (1.5%)	\$ 2,784,302,959
Less: Currently outstanding General Obligation Debt (Net) (3)	(1,443,764,488)
Estimated Additional Constitutional Debt Incurring Capacity of the State (4)	<u>\$ 1,340,538,471</u>

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- (1) Based on 2004 taxable values. See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State” below.
 - (2) Based on 2004 “age based” values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of taxable property in the State.
 - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
 - (4) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section “Statutory General Obligation Debt Limit” below.

Statutory General Obligation Debt Limit. Title 63, Chapter 38c, of the Utah Code (the “State Appropriations and Tax Limitation Act”), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in that act. The State Appropriations and Tax Limitation Act also limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act.

As of December 31, 2005, using the budget appropriations for the Fiscal Year 2006, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as follows:

Statutory General Obligation Debt Limit (1)	\$ 932,361,313
Less: Statutorily Applicable General Obligation Debt (Net) (2)	(562,693,596)
Remaining Statutory General Obligation Debt Incurring Capacity	<u>\$ 369,667,716</u>

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- (1) 45% of the Fiscal Year 2006 appropriation limit of \$2,071,914,028.
 - (2) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

As additional general obligation bonds are issued and outstanding general obligation bonds are retired, the unused maximum general obligation borrowing capacity of the State under the State Appropriations and Tax Limitation Act will fluctuate. The State Appropriations and Tax Limitation Act may be amended in the future by majority vote of both houses of the Legislature.

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years 2001 through 2005 is as follows:

	Fiscal Year Ended June 30 (in thousands)				
	2005	2004	2003	2002	2001
Fair Market Value of Ad					
Valorem Taxable Property (1)	\$ 173,003,833	\$ 164,567,250	\$ 159,659,350	\$ 153,166,346	\$ 142,253,454
Fees in lieu of Ad Valorem Tax (2)	12,616,364	11,973,726	11,116,588	10,019,394	10,075,896
Fair Market Value for Debt					
Incurring Capacity	\$ 185,620,197	\$ 176,540,976	\$ 170,775,938	\$ 163,185,740	\$ 152,329,350
Constitutional:					
Constitutional Debt Limit					
(1.5% of Fair Market Value)	\$ 2,784,303	\$ 2,648,115	\$ 2,561,639	\$ 2,447,786	\$ 2,284,940
Outstanding Constitutional					
General Obligation Debt (Net) (3)	(1,587,804)	(1,588,810)	(1,713,755)	(1,498,371)	(1,146,000)
Additional Debt Incurring					
Capacity (<i>constitutional</i>)	\$ 1,196,499	\$ 1,059,305	\$ 847,884	\$ 949,415	\$ 1,138,940
Statutory:					
Statutory General Obligation					
Debt Limit	\$ 880,463	\$ 835,292	\$ 830,137	\$ 835,341	\$ 759,702
Outstanding General Obligation					
Debt (Net) (3) (4)	(630,711)	(607,999)	(693,706)	(494,367)	(238,000)
Additional General Obligation					
Debt Incurring Capacity					
(<i>statutory</i>)	\$ 249,752	\$ 227,293	\$ 136,431	\$ 340,974	\$ 521,702

- (1) Actual collection of ad valorem taxes is affected by legislation that may limit the percentage of fair market value which may be used as the basis for taxation.
- (2) For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
- (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
- (4) Certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and the Financial Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

Authorized General Obligation Bonds and Future General Obligation Bond Issuance

The State has approximately \$52.3 million (\$4.6 million for capital projects from a 2005 authorization; \$9.1 million for capital projects from a 2004 authorization; \$26.4 million for highway projects from a 2003 authorization; \$6.2 million for higher education building projects from a 2002 authorization; and \$6 million for transportation projects from a 2000 authorization) aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the Utah Department of Transportation and the Division of Facilities Construction and Management for various capital projects.

The State traditionally issues bonds each year and may, subsequent to December 31, 2005, issue some or all of the additional \$52.3 million aggregate principal amount of authorized and unissued general obligation bonds.

Outstanding General Obligation Indebtedness

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of December 31, 2005, the State has the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2004B (2)	Various purpose	\$ 140,635,000	July 1, 2019	\$ 126,280,000
2004A (3)	Refunding	314,775,000	July 1, 2016	314,775,000
2003A (4)	Various purpose	407,405,000	July 1, 2013 (8)	314,025,000
2002B (5)	Refunding	253,100,000	July 1, 2012	250,860,000
2002A (6)	Various purpose	281,200,000	July 1, 2011 (8)	122,250,000
2001B (5) (6)	Various purpose	348,000,000	July 1, 2009 (8)	141,675,000
1998A (5) (7)	Various purpose	265,000,000	July 1, 2008 (9)	53,250,000
1997F (5) (7)	Highway projects	205,000,000	July 1, 2007 (9)	33,850,000
1997E (5) (7)	Highway projects	135,000,000	July 1, 2007 (9)	20,425,000
Total Principal Amount of outstanding General Obligation Debt (10)				<u>\$ 1,377,390,000</u>

- (1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rated "AAA" by Fitch Inc. ("Fitch"); "Aaa" by Moody's Investors Service, Inc. ("Moody's"); and "AAA" by Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc. ("S&P"), as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (2) As of December 31, 2005, \$47.05 million of these bonds are exempt from statutory debt limit calculations.
- (3) As of December 31, 2005, \$125.315 million of these bonds are exempt from statutory debt limit calculations.
- (4) Portions of this bond issue were refunded by the 2004A General Obligation Bonds. As of December 31, 2005, \$174.1 million of these bonds are exempt from statutory debt limit calculations.
- (5) These bonds are exempt from statutory debt limit calculations.
- (6) Portions of this bond issue were refunded by the 2004A General Obligation Bonds.
- (7) Portions of these bond issues were refunded by the 2002B General Obligation Bonds.
- (8) Final maturity date of the outstanding portions of this bond issue after the refunding effected by the 2004A General Obligation Bonds.
- (9) Final maturity date of the outstanding portions of these bond issues after the refunding effected by the 2002B General Obligation Bonds.
- (10) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State's financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2005 is \$87,999,137 and the total deferred amount is \$21,624,649, resulting in total outstanding net direct debt of \$1,443,764,488.

(Source: Division of Finance.)

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The following tables show the ratios of the principal par amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding), to population, total personal income, taxable value and fair market/market value for the fiscal years shown and estimated as of December 31, 2005.

	Fiscal Year Ended June 30				
	2005	2004	2003	2002	2001
Outstanding General					
Obligation Debt (000's) (1)	\$ 1,514,510	\$ 1,510,160	\$ 1,623,680	\$ 1,474,400	\$ 1,146,000
Debt Ratios:					
Per Capita	\$ 595	\$ 612	\$ 673	\$ 625	\$ 497
As % of Total Personal Income	2.18%	2.35%	2.69%	2.53%	2.02%
As % of Taxable Value	1.14%	1.23%	1.38%	1.29%	1.04%
As % of Fair Market/Market Value	0.82%	0.87%	0.99%	0.92%	0.75%

	Estimated
	December 31, 2005 (2)
Outstanding General Obligation Debt (1)	\$1,377,390,000
Debt Ratios:	
Per Capita	\$541
As % of Total Personal Income	1.98%
As % of Taxable Value	1.04%
As % of Fair Market/Market Value	0.74%

- (1) Excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding.
- (2) Information as of December 31, 2005 (Fiscal Year 2006) is preliminary and subject to change.

(Sources: Division of Finance and the Financial Advisor.)

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Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)

Fiscal Year Ending June 30	Series 2004B \$140,635,000		Series 2004A \$314,775,000		Series 2003A \$407,405,000		Series 2002B \$253,100,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 14,355,000	\$ 6,654,931	\$ 0	\$ 14,937,350	\$ 1,095,000	\$ 14,813,575	\$ 205,000	\$ 13,368,331
2007	7,785,000	6,119,375	0	14,937,350	7,775,000	14,608,250	160,000	13,362,856
2008	6,865,000	5,753,125	0	14,937,350	12,825,000	14,093,250	120,000	13,358,656
2009	9,970,000	5,332,250	0	14,937,350	59,300,000	12,586,625	29,455,000	12,583,663
2010	11,180,000	4,803,500	0	14,937,350	61,125,000	10,025,313	50,835,000	10,481,778
2011	25,755,000	3,880,125	39,310,000	14,151,150	50,025,000	7,399,375	53,670,000	7,710,706
2012	30,600,000	2,471,250	40,830,000	12,548,350	15,100,000	5,771,250	56,705,000	4,744,378
2013	3,575,000	1,616,875	11,245,000	11,450,625	52,575,000	4,079,375	59,915,000	1,610,216
2014	3,750,000	1,433,750	18,480,000	10,707,500	55,300,000	1,382,500	-	-
2015	3,950,000	1,241,250	73,595,000	8,405,625	0	0 (2)	-	-
2016	4,125,000	1,039,375	73,910,000	4,718,000	0	0 (2)	-	-
2017	4,350,000	827,500	57,405,000	1,435,125	0	0 (2)	-	-
2018	4,550,000	605,000	-	-	-	-	-	-
2019	4,800,000	371,250	-	-	-	-	-	-
2020	5,025,000	125,625	-	-	-	-	-	-
Totals	\$ 140,635,000	\$ 42,275,182	\$ 314,775,000	\$ 138,103,125	\$ 315,120,000	\$ 84,759,513	\$ 251,065,000	\$ 77,220,584

Fiscal Year Ending June 30	Series 2002A \$281,200,000		Series 2001B \$348,000,000		Series 1998A \$265,000,000		Series 1997F \$205,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 45,740,000	\$ 7,271,813	\$ 34,900,000	\$ 7,160,625	\$ 15,850,000	\$ 3,058,750	\$ 15,625,000	\$ 2,291,438
2007	48,075,000	4,926,438	33,250,000	5,627,250	16,775,000	2,243,125	16,475,000	1,408,688
2008	50,575,000	2,460,188	34,650,000	4,099,500	17,750,000	1,380,000	17,375,000	477,813
2009	5,525,000	1,057,688	36,125,000	2,507,063	18,725,000	468,125	0	0 (4)
2010	5,750,000	775,813	37,650,000	847,125	0	0 (4)	0	0 (4)
2011	6,000,000	482,063	0	0 (2)	0	0 (4)	0	0 (4)
2012	6,325,000	166,031	0	0 (2)	0	0 (4)	0	0 (4)
2013	0	0 (3)	0	0 (2)	0	0 (4)	0	0 (4)
2014	0	0 (2)	0	0 (2)	-	-	-	-
2015	0	0 (2)	0	0 (2)	-	-	-	-
2016	0	0 (2)	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
Totals	\$ 167,990,000	\$ 17,140,031	\$ 176,575,000	\$ 20,241,562	\$ 69,100,000	\$ 7,150,000	\$ 49,475,000	\$ 4,177,939

Fiscal Year Ending June 30	Series 1997E \$135,000,000		Totals (1)		
	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2006	\$ 9,350,000	\$ 1,380,500 (5)	\$ 137,120,000	\$ 70,937,313	\$ 208,057,313
2007	9,925,000	850,438 (6)	140,220,000	64,083,770	204,303,770
2008	10,500,000	288,750 (7)	150,660,000	56,848,632	207,508,632
2009	0	0 (4)	159,100,000	49,472,764	208,572,764
2010	0	0 (4)	166,540,000	41,870,879	208,410,879
2011	0	0 (4)	174,760,000	33,623,419	208,383,419
2012	0	0 (4)	149,560,000	25,701,259	175,261,259
2013	0	0 (4)	127,310,000	18,757,091	146,067,091
2014	-	-	77,530,000	13,523,750	91,053,750
2015	-	-	77,545,000	9,646,875	87,191,875
2016	-	-	78,035,000	5,757,375	83,792,375
2017	-	-	61,755,000	2,262,625	64,017,625
2018	-	-	4,550,000	605,000	5,155,000
2019	-	-	4,800,000	371,250	5,171,250
2020	-	-	5,025,000	125,625	5,150,625
Totals	\$ 29,775,000	\$ 2,519,687	\$ 1,514,510,000	\$ 393,587,626	\$ 1,908,097,626

(1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.

(2) Principal and interest has been refunded by the 2004A General Obligation Bonds.

(3) There was no scheduled principal maturity in this fiscal year.

(4) Principal and interest has been refunded by the 2002B General Obligation Bonds.

(5) \$850,000 (of the original maturity of \$10,200,000) has been refunded by the 2002B General Obligation Bonds.

(6) \$850,000 (of the original maturity of \$10,775,000) has been refunded by the 2002B General Obligation Bonds.

(7) \$850,000 (of the original maturity of \$11,350,000) has been refunded by the 2002B General Obligation Bonds.

(Source: The Financial Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	2005	2004	2003	2002	2001
General Fund					
Expenditures	\$ 4,016,667	\$ 3,775,296	\$ 3,519,422	\$ 3,412,413	\$ 3,088,090
Debt Service Expenditures (1)	\$ 273,679	\$ 211,960	\$ 189,020	\$ 175,188	\$ 158,886
Ratio of Debt Service to General Fund Expenditures	6.81%	5.61%	5.37%	5.13%	5.15%
Total All Governmental Funds					
Expenditures (2)	\$ 7,489,813	\$ 7,074,833	\$ 6,702,566	\$ 6,597,787	\$ 6,233,721
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	3.65%	3.00%	2.82%	2.66%	2.55%

- (1) During Fiscal Year 2005, debt service increased from the prior year due to a final debt payment of approximately \$31.6 million (for 2002 Winter Olympic facilities).
- (2) Beginning in Fiscal Year 2002, all Governmental Funds include expenditures of the State's governmental funds (except the Trust Lands permanent fund). The State implemented Governmental Accounting Standards Board ("GASB") Statement 34, *Basis Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* in Fiscal Year 2002. The new financial reporting requirements of Statements 34 impacted the way certain funds were classified and reported. As a result, the comparability between Fiscal Years 2005 through 2002 expenditure amounts and the related ratios to Fiscal Year 2001 is affected.

(Sources: Division of Finance and the Fiscal Year Ended June 30, 2005 Comprehensive Annual Financial Report (the "2005 CAFR").)

Lease Obligations

The State leases office buildings, other real property, and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long-term leases are considered noncancellable for financial reporting purposes. Leases that in substance are purchases are reported as capital lease obligations in the government-wide financial statements and proprietary fund statements in the State's Comprehensive Annual Financial Report ("CAFR").

Operating leases (leases of assets not recorded on the Balance Sheet) contain various renewal obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

The total operating lease expenditures for the Fiscal Years 2005 and 2004 were \$25.3 million and \$24.7 million, respectively, for the primary government, and \$18.6 million and \$16.6 million, respectively, for component units.

Revenue Bonds and Notes

Various State agencies have outstanding bonds and notes payable solely from certain specified revenues. None of these bond or note issues are general obligations of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

The majority of the State's revenue bonds and notes are issued by the Utah Housing Corporation (formerly known as the Utah Housing Finance Agency), the State Board of Regents (student loans and college and university capital projects), and the State of Utah, State Building Ownership Authority. The State Building Ownership Authority is discussed below.

State of Utah, State Building Ownership Authority

Establishment and Statutory Powers. The State of Utah, State Building Ownership Authority (the Authority) was created in 1979 as body politic and corporate of the State. The Authority is empowered, among other things, to issue bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities at

rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on the Authority's legally issued bonds as they become due and to maintain, operate, and insure the facilities. The necessary prior approval of the Legislature for the issuance of such bonds is given by specific acts, which acts are generally passed upon during a General Session of the Legislature.

The Authority is also empowered, among other things, to: (i) contract with others for needed services; and (ii) cause to be executed mortgages, trust deeds, indentures, pledge agreements, assignments, security agreements, and financing statements encumbering property acquired, or constructed by the Authority.

Organization. The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The State Building Ownership Authority Act (Title 63B, Chapter 1, Part 3, Utah Code) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

The State's Limited Lease Rental Obligation. The State Building Ownership Authority Act provides that, except as otherwise provided therein, bonds issued by the Authority thereunder will be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if rentals paid by a lessee State agency to the Authority, from its own appropriated budget or other revenue sources, are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Rental Obligation Bonds."

Authority's Legal Borrowing Debt Capacity. The Authority may not issue any bonds or other obligations under the State Building Ownership Authority Act in an amount which would exceed the difference between the total outstanding indebtedness of the State and 1.5% of the fair market value of the taxable property of the State, plus certain add-back indebtedness provided by legislative directive.

As of December 31, 2005, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1)	\$ 173,003,833,163
Uniform Fees in lieu of Ad Valorem Taxable Property (2)	12,616,364,086
Total Fair Market Value of Taxable Property (1)	<u>\$ 185,620,197,249</u>
1.5% Debt Limit Amount	\$ 2,784,302,959
Less: Current outstanding State General Obligation Debt (Net) (3)	(1,443,764,488)
Less: The Authority's outstanding Lease Revenue Bonds (Net) (3)	(341,005,287)
Plus: Statutorily exempt State General Obligation Highway Debt (Net) (3)	881,070,891
The Authority's Estimated Additional Debt Incurring Capacity	<u>\$ 1,880,604,075</u>

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- (1) Based on 2004 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.
 - (2) Based on 2004 "aged based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
 - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

Authorized Lease Revenue Bonds and Future Bonds Issuance. Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under "Authority's Legal Borrowing Debt Capacity" above, the Authority may only issue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2005, the Authority has approximately \$13 million of remaining bonding authority, comprised of \$10.5 million for capital projects from a 2000 authorization and \$2.5 million for capital projects from a 1999 authorization for future projects that may be undertaken solely by vote of the Authority.

No Defaulted Authority Bonds or Failures by the State to Renew Lease. As of December 31, 2005, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2005, the State has never failed to renew an annually renewable lease with the Authority.

Current Lease Revenue Obligation Bonds Outstanding. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture and Lease. Under this program, all Bonds are issued on a parity basis and are cross-collateralized by the facilities subject to the lien of the Indenture and Mortgages.

The Authority has the following bonds outstanding as of December 31, 2005:

Issued (On A Parity Basis) Under The State Facilities Master Lease Program

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2004A (1)	Refunding/various purpose	\$ 45,805,000	May 15, 2027	\$ 45,310,000
2004B (1)	Refunding	8,920,000	May 15, 2013	8,700,000
2003 (1)	Refunding/various purpose	22,725,000	May 15, 2025	22,610,000
2001C (2)	University of Utah	30,300,000	May 15, 2022	30,300,000
2001A (1)	University of Utah	69,850,000	May 15, 2021	67,850,000
2001B (1)	Various purpose	25,780,000	May 15, 2024	24,490,000
1999A (3) (4)	Various purpose	9,455,000	May 15, 2009 (9)	1,495,000
1998C (3)	Refunding	105,100,000	May 15, 2019	104,805,000
1998A (3) (4)	Various purpose	25,710,000	May 15, 2008 (9)	2,215,000
1997A (4) (5)	DABC 1997A Facilities	4,150,000	May 15, 2008 (9)	565,000
1996A (1) (6)	Various purpose	44,725,000	May 15, 2007 (10)	3,915,000
1996B (7) (8)	University of Utah	16,875,000	May 15, 2007 (11)	2,245,000
1995A (1) (6)	Various purpose	93,000,000	May 15, 2007 (10)	8,100,000
Total Principal amount of outstanding State Facilities Master Lease Program Bonds				<u>\$ 322,600,000</u>

- (1) Rated "Aa1" by Moody's; and "AA+" by S&P, as of the last OFFICIAL STATEMENT, dated October 6, 2004. No rating was requested from any other rating agency.
- (2) These bonds bear interest at a variable interest rate. Rated "Aaa/VMIG1" by Moody's and "AAA/A-1+" by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (3) These bonds are rated "Aaa" (FSA Insured; underlying "Aa1") by Moody's, and "AAA" (FSA Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (4) Portions of this bond have been refunded by the 2004A Lease Revenue Bonds.
- (5) These bonds are rated "Aaa" (Ambac Insured; underlying "Aa1") by Moody's and "AAA" (Ambac Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (6) Portions of this bond have been refunded by the 1998C Lease Revenue Bonds.
- (7) Portions of this bond have been refunded by the 2004B Lease Revenue Bonds.
- (8) These bonds are rated "Aaa" (MBIA Insured; underlying "Aa1") by Moody's and "AAA" (MBIA Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (9) Final maturity date after portions of this bond were refunded by the 2004A Lease Revenue Bonds.
- (10) Final maturity date after portions of this bond were refunded by the 1998C Lease Revenue Bonds.
- (11) Final maturity date after portions of this bond were refunded by the 2004B Lease Revenue Bonds.

(Source: Division of Finance.)

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Other series of bonds issued by the Authority, as listed below under the caption “Issued Under Separate Stand Alone Legal Documents,” are not issued on a parity basis with the bonds issued under the State Facilities Master Lease Program, or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds. The amount outstanding is as of December 31, 2005.

Issued Under Separate Stand Alone Legal Documents

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
1993A (1)	Human Services Building	\$ 6,230,000	January 1, 2013	\$ 3,320,000
1992A (1)	Employment Security (2)	26,200,000	August 15, 2011	11,400,000
1992B (1)	Youth Corrections	1,380,000	August 15, 2011	620,000
Total Authority's Other Bonds				<u>\$ 15,340,000</u>

-
- (1) Rated “Aa1” by Moody’s, and “AA+” by S&P, as of the last OFFICIAL STATEMENT, dated October 6, 2004. No rating was requested from any other rating agency.
(2) Refunding Issue.

Summary

Total State Facilities Master Lease Program Bonds	\$ 322,600,000
Total Authority's Other Bonds Outstanding	<u>15,340,000</u>
Total Authority Lease Revenue Bonds (3)	<u>\$ 337,940,000</u>

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- (3) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State’s financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2005 is \$5,333,781 and the total deferred amount is \$2,268,494, resulting in total outstanding net direct debt of \$341,005,287.

(Sources: Division of Finance and the Financial Advisor.)

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Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year (1)

Issued Under the State Facilities Master Lease Program

Fiscal Year Ending June 30	Series 2004A \$45,805,000		Series 2004B \$8,920,000		Series 2003 \$22,725,000		Series 2001C \$30,300,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal (3)	Interest (4)
2006	\$ 335,000	\$ 2,204,650	\$ 85,000	\$ 313,145	\$ 1,125,000	\$ 872,193	\$ 0	\$ 877,102 (5)
2007	865,000	2,194,600	90,000	310,595	1,180,000	849,693	1,000,000	984,750
2008	895,000	2,168,650	1,295,000	307,895	1,210,000	823,143	1,400,000	952,250
2009	1,930,000	2,141,800	1,340,000	269,045	1,240,000	789,868	1,500,000	906,750
2010	2,405,000	2,079,075	1,380,000	225,495	1,275,000	752,668	1,600,000	858,000
2011	2,550,000	1,958,825	1,455,000	156,495	1,325,000	711,230	1,600,000	806,000
2012	2,665,000	1,831,325	1,500,000	108,480	1,375,000	663,530	1,700,000	754,000
2013	2,795,000	1,698,075	1,555,000	55,980	1,440,000	594,780	1,800,000	698,750
2014	2,945,000	1,558,325	-	-	835,000	537,180	1,900,000	640,250
2015	3,085,000	1,411,075	-	-	875,000	503,780	2,000,000	578,500
2016	3,245,000	1,256,825	-	-	900,000	468,780	2,100,000	513,500
2017	3,405,000	1,094,575	-	-	940,000	432,780	2,100,000	445,250
2018	2,450,000	924,325	-	-	980,000	394,240	2,200,000	377,000
2019	2,230,000	801,825	-	-	1,020,000	353,080	2,300,000	305,500
2020	2,345,000	690,325	-	-	1,065,000	310,240	2,300,000	230,750
2021	2,110,000	567,213	-	-	1,110,000	264,978	2,400,000	156,000
2022	1,665,000	456,438	-	-	1,160,000	216,415	2,400,000	78,000
2023	1,755,000	369,025	-	-	1,210,000	165,375	-	-
2024	1,845,000	276,888	-	-	1,265,000	110,925	-	-
2025	1,830,000 (2)	180,025	-	-	1,080,000	54,000	-	-
2026	1,250,000 (2)	93,100	-	-	-	-	-	-
2027	710,000 (2)	33,725	-	-	-	-	-	-
Totals	<u>\$ 45,310,000</u>	<u>\$ 25,990,688</u>	<u>\$ 8,700,000</u>	<u>\$ 1,747,130</u>	<u>\$ 22,610,000</u>	<u>\$ 9,868,875</u>	<u>\$ 30,300,000</u>	<u>\$ 10,162,352</u>

Fiscal Year Ending June 30	Series 2001A \$69,850,000		Series 2001B \$25,780,000		Series 1999A \$9,455,000		Series 1998C \$105,100,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 3,175,000	\$ 3,392,500	\$ 895,000	\$ 1,136,003	\$ 345,000	\$ 78,488	\$ 1,120,000	\$ 5,735,675
2007	3,125,000	3,233,750	935,000	1,100,203	365,000	60,375	1,170,000	5,688,635
2008	3,250,000	3,077,500	965,000	1,062,803	380,000	41,213	7,715,000	5,638,325
2009	3,375,000	2,915,000	1,005,000	1,024,203	405,000	21,263	8,130,000	5,214,000
2010	3,500,000	2,746,250	1,055,000	984,003	0	0 (7)	8,575,000	4,766,850
2011	3,650,000	2,571,250	1,090,000	941,803	0	0 (7)	9,065,000	4,295,225
2012	3,800,000	2,388,750	1,135,000	898,203	0	0 (7)	8,995,000	3,796,650
2013	3,975,000	2,198,750	1,175,000	852,803	0	0 (7)	9,490,000	3,301,925
2014	4,175,000	2,000,000	1,225,000	804,628	0	0 (7)	10,010,000	2,779,975
2015	4,400,000	1,791,250	1,280,000	753,178	0	0 (8)	9,540,000	2,229,425
2016	4,625,000	1,571,250	1,335,000	698,138	0	0 (8)	9,950,000 (9)	1,704,725
2017	4,850,000	1,340,000	1,400,000	631,388	0	0 (8)	9,835,000 (9)	1,157,475
2018	5,100,000	1,097,500	1,465,000	561,388	0	0 (8)	8,940,000 (9)	616,550
2019	5,350,000	842,500	1,550,000	488,138	0	0 (8)	2,270,000 (9)	124,850
2020	5,600,000	575,000	1,620,000	410,638	0	0 (8)	-	-
2021	5,900,000	295,000	1,705,000	329,638	0	0 (8)	-	-
2022	-	-	1,760,000 (6)	244,388	-	-	-	-
2023	-	-	1,850,000 (6)	151,988	-	-	-	-
2024	-	-	1,045,000 (6)	54,863	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
Totals	<u>\$ 67,850,000</u>	<u>\$ 32,036,250</u>	<u>\$ 24,490,000</u>	<u>\$ 13,128,397</u>	<u>\$ 1,495,000</u>	<u>\$ 201,337</u>	<u>\$ 104,805,000</u>	<u>\$ 47,050,285</u>

Continues

- (1) This table reflects the State's debt service schedule for its outstanding Lease Revenue Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
- (2) Mandatory sinking fund payments from a \$3,790,000, 4.75%, term bond due May 15, 2027.
- (3) These principal payments are based on the Authority's current expectations for the redemption of the 2001C Lease Revenue Bonds (as of September 13, 2005). The Authority is not required by the Indenture to provide for such payment in advance of the maturity date of the 2001C Lease Revenue Bonds. The maturity date for the 2001C Lease Revenue Bonds is May 15, 2022.
- (4) The 2001C Lease Revenue Bonds are variable rate interest bonds. Interest has been estimated at an average coupon rate of 3.25% per annum.
- (5) Includes \$384,727 of actual interest paid from July 1, 2005 to December 31, 2005. From January 1, 2005 through June 30, 2006, interest has been estimated at 3.25% per annum (\$492,375).
- (6) Mandatory sinking fund payments from a \$4,655,000, 5.25%, term bond due May 15, 2024.
- (7) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
- (8) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$4,335,000, 5.50%, term bond which was due May 15, 2021).
- (9) Mandatory sinking fund payments from a \$30,995,000, 5.50%, term bond due May 15, 2019.

**Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year**

Issued Under the State Facilities Master Lease Program—Continued

Fiscal Year Ending June 30	Series 1998A \$25,710,000		Series 1997A \$4,150,000		Series 1996A \$44,725,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 705,000	\$ 98,970	\$ 180,000	\$ 26,185	\$ 1,905,000	\$ 215,325
2007	735,000	67,950	190,000	17,905	2,010,000	110,550
2008	775,000	34,875	195,000	9,165	0	0 (3)
2009	0	0 (1)	0	0 (1)	0	0 (3)
2010	0	0 (1)	0	0 (1)	0	0 (3)
2011	0	0 (1)	0	0 (1)	0	0 (3)
2012	0	0 (1)	0	0 (1)	0	0 (3)
2013	0	0 (9)	0	0 (1)	0	0 (3)
2014	0	0 (9)	0	0 (1)	0	0 (3)
2015	0	0 (9)	0	0 (2)	0	0 (3)
2016	0	0 (9)	0	0 (2)	0	0 (4)
2017	0	0 (9)	0	0 (2)	0	0 (3)
2018	0	0 (9)	0	0 (2)	0	0 (3)
2019	0	0 (9)	-	-	0	0 (5)
2020	0	0 (9)	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Totals	<u>\$ 2,215,000</u>	<u>\$ 201,795</u>	<u>\$ 565,000</u>	<u>\$ 53,255</u>	<u>\$ 3,915,000</u>	<u>\$ 325,875</u>

Fiscal Year Ending June 30	Series 1996B \$16,875,000		1995A \$93,000,000	
	Principal	Interest	Principal	Interest
2006	\$ 1,095,000	\$ 112,250	\$ 3,945,000	\$ 418,242
2007	1,150,000	57,500	4,155,000	216,060
2008	0	0 (6)	0	0 (3)
2009	0	0 (6)	0	0 (3)
2010	0	0 (6)	0	0 (3)
2011	0	0 (7)	0	0 (3)
2012	0	0 (7)	0	0 (3)
2013	0	0 (7)	0	0 (3)
2014	-	-	0	0 (3)
2015	-	-	0	0 (3)
2016	-	-	0	0 (3)
2017	-	-	0	0 (3)
2018	-	-	0	0 (8)
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
Totals	<u>\$ 2,245,000</u>	<u>\$ 169,750</u>	<u>\$ 8,100,000</u>	<u>\$ 634,302</u>

- (1) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
- (2) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$1,210,000, 5.125%, term bond which was due May 15, 2018).
- (3) Principal and interest have been refunded by the 1998C Lease Revenue Bonds.
- (4) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$5,140,000, 6.00%, term bond which was due May 15, 2016).
- (5) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$7,960,000, 6.00%, term bond which was due May 15, 2019).
- (6) Principal and interest have been refunded by the 2004B Lease Revenue Bonds.
- (7) Principal and interest have been refunded by the 2004B Lease Revenue Bonds (\$4,460,000, 5.40%, term bond which was due May 15, 2013).
- (8) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$18,555,000, 5.75%, term bond which was due May 15, 2018).
- (9) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$5,800,000, 5.25%, term bond which was due May 15, 2020).

**Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year**

Issued Under Stand Alone Legal Documents

Fiscal Year Ending	Series 1993A \$6,230,000			Series 1992B \$1,380,000		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
June 30						
2006	\$ 345,000	\$ 171,355	\$ 516,355	\$ 85,000	\$ 38,669	\$ 123,669
2007	360,000	154,105	514,105	90,000	33,638	123,638
2008	380,000	136,105	516,105	95,000	28,319	123,319
2009	400,000	116,725	516,725	100,000	22,713	122,713
2010	425,000	96,125	521,125	105,000	16,819	121,819
2011	445,000 (1)	74,025	519,025	110,000	10,500	120,500
2012	470,000 (1)	50,663	520,663	120,000	3,600	123,600
2013	495,000 (1)	25,988	520,988	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Totals	<u>\$ 3,320,000</u>	<u>\$ 825,091</u>	<u>\$ 4,145,091</u>	<u>\$ 705,000</u>	<u>\$ 154,258</u>	<u>\$ 859,258</u>

Fiscal Year Ending	Series 1992A \$26,200,000		
	Principal	Interest	Total Debt Service
June 30			
2006	\$ 1,545,000	\$ 699,533	\$ 2,244,533
2007	1,640,000	608,350	2,248,350
2008	1,735,000	511,319	2,246,319
2009	1,835,000	408,681	2,243,681
2010	1,945,000	300,006	2,245,006
2011	2,060,000	184,863	2,244,863
2012	2,185,000	62,819	2,247,819
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
Totals	<u>\$ 12,945,000</u>	<u>\$ 2,775,571</u>	<u>\$ 15,720,571</u>

(1) Mandatory sinking fund payments from a \$1,410,000, 5.25%, term bond due January 1, 2013.

**Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year**

Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program*			Total Bonds Issued Under Stand Alone Legal Documents		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2006	\$ 14,910,000	\$ 15,480,728	\$ 30,390,728	\$ 1,975,000	\$ 909,557	\$ 2,884,557
2007	16,970,000	14,892,566	31,862,566	2,090,000	796,093	2,886,093
2008	18,080,000	14,115,819	32,195,819	2,210,000	675,743	2,885,743
2009	18,925,000	13,281,929	32,206,929	2,335,000	548,119	2,883,119
2010	19,790,000	12,412,341	32,202,341	2,475,000	412,950	2,887,950
2011	20,735,000	11,440,828	32,175,828	2,615,000	269,388	2,884,388
2012	21,170,000	10,440,938	31,610,938	2,775,000	117,082	2,892,082
2013	22,230,000	9,401,063	31,631,063	495,000	25,988	520,988
2014	21,090,000	8,320,358	29,410,358	-	-	-
2015	21,180,000	7,267,208	28,447,208	-	-	-
2016	22,155,000	6,213,218	28,368,218	-	-	-
2017	22,530,000	5,101,468	27,631,468	-	-	-
2018	21,135,000	3,971,003	25,106,003	-	-	-
2019	14,720,000	2,915,893	17,635,893	-	-	-
2020	12,930,000	2,216,953	15,146,953	-	-	-
2021	13,225,000	1,612,829	14,837,829	-	-	-
2022	6,985,000	995,241	7,980,241	-	-	-
2023	4,815,000	686,388	5,501,388	-	-	-
2024	4,155,000	442,676	4,597,676	-	-	-
2025	2,910,000	234,025	3,144,025	-	-	-
2026	1,250,000	93,100	1,343,100	-	-	-
2027	710,000	33,725	743,725	-	-	-
Totals	<u>\$ 322,600,000</u>	<u>\$ 141,570,297</u>	<u>\$ 464,170,297</u>	<u>\$ 16,970,000</u>	<u>\$ 3,754,920</u>	<u>\$ 20,724,920</u>

Total All Lease Revenue Bond Obligations*			
Fiscal Year Ending June 30	Total Principal	Total Interest	Total Debt Service
2006	\$ 16,885,000	\$ 16,390,285	\$ 33,275,285
2007	19,060,000	15,688,659	34,748,659
2008	20,290,000	14,791,562	35,081,562
2009	21,260,000	13,830,048	35,090,048
2010	22,265,000	12,825,291	35,090,291
2011	23,350,000	11,710,216	35,060,216
2012	23,945,000	10,558,020	34,503,020
2013	22,725,000	9,427,051	32,152,051
2014	21,090,000	8,320,358	29,410,358
2015	21,180,000	7,267,208	28,447,208
2016	22,155,000	6,213,218	28,368,218
2017	22,530,000	5,101,468	27,631,468
2018	21,135,000	3,971,003	25,106,003
2019	14,720,000	2,915,893	17,635,893
2020	12,930,000	2,216,953	15,146,953
2021	13,225,000	1,612,829	14,837,829
2022	6,985,000	995,241	7,980,241
2023	4,815,000	686,388	5,501,388
2024	4,155,000	442,676	4,597,676
2025	2,910,000	234,025	3,144,025
2026	1,250,000	93,100	1,343,100
2027	710,000	33,725	743,725
Totals	<u>\$ 339,570,000</u>	<u>\$ 145,325,217</u>	<u>\$ 484,895,217</u>

* Preliminary; subject to change. The Authority has variable interest rate demand bonds outstanding.

(Source: The Authority.)

State Guaranty of General Obligation School Bonds

Under the Utah School Bond Guaranty Act (the “Guaranty Act”) which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of and interest on general obligation bonds (“Guaranteed Bonds”) issued by qualifying boards of education of Utah school districts (“Qualifying School Board”). The primary purpose of the Guaranty Act is to reduce borrowing costs for a Qualifying School Board by providing credit enhancement for Guaranteed Bonds.

The State guaranty is extended by the State Treasurer to a Qualifying School Board after a review of the application and a recommendation for the guaranty by the State Superintendent of Public Instruction. The State Treasurer has the authority to withhold any guaranty or to terminate the issuance of future guaranties at any time. Determinations of future ineligibility do not reverse or remove prior State guaranties.

In the event a Qualifying School Board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may (a) use any of its available moneys, (b) seek a short-term loan from the Permanent School Fund (although the Fund is not required to make such loan) or (c) issue its short-term general obligation notes. The Qualifying School Board remains liable to the State for any such payments on Guaranteed Bonds.

The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Qualifying School Board. The Guaranty Act also contains provisions to compel the Qualifying School Board to levy a tax sufficient to reimburse the State for such payments and to provide oversight to assure that the Qualifying School Board will ultimately be responsible for payment of debt service on the Guaranteed Bonds.

The State Superintendent of Public Instruction is charged by the Guaranty Act with the responsibility of monitoring the financial affairs, condition, and solvency of each local school board in the State and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations and recommend a course of remedial action.

The State does not expect that it will be required to advance moneys for the payment of debt service on Guaranteed Bonds in the foreseeable future. In the event the State is required to make such an advance and sufficient moneys are not available, the Guaranty Act provides that the State may issue its general obligation notes on an expedited basis in an amount sufficient to make the necessary payment plus costs of issuance. The payments of principal of and interest on such notes from taxes or other identified State revenues are secured by a pledge of the full faith, credit, and resources of the State. The Guaranty Act also provides that such notes do not constitute debt of the State for purposes of the debt limitation of the Utah Constitution.

During Fiscal Year 2006, the State will have approximately \$1.75 billion principal amount of Guaranteed Bonds outstanding. The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act. As of December 31, 2005, the State has not been requested to make payments on any Guaranteed Bonds under the provisions of the Guaranty Act.

No Defaulted Bonds

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.

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FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

State's Discussion and Analysis of Financial Condition and Results of Operations

Recent Developments

Background. The State has two major funds to pay for most government operations, the General Fund and the Uniform School Fund. By law, the Uniform School Fund can only be used for public education (kindergarten through 12th grade) and higher education (State colleges, universities and technical schools). The General Fund holds money for most other State functions except transportation, which has its own funds.

Budget Management. The State ended Fiscal Year 2005 with a surplus of \$171.9 million. This included a \$63.8 million surplus in the General Fund and \$108.1 million surplus in the Uniform School Fund. Higher than expected sales and use tax and individual income tax revenues were the primary reasons for the surplus. By law, \$31.9 million, or 50% of the \$63.8 million General Fund surplus was transferred to the Rainy Day Fund (defined below), \$3.3 million was designated for accrued Industrial Assistance Fund credits, and \$4 million was designated to cover appropriations for tourism funding. The remaining \$24.6 million was carried forward for appropriation in Fiscal Year 2006.

By law, \$27 million, or 25% of the \$108.1 million Uniform School Fund Fiscal Year 2005 surplus was transferred to the Education Reserve (defined below). The remaining \$81.1 million was carried forward for appropriation in Fiscal Year 2006.

A balanced Fiscal Year 2006 budget was approved by the Legislature in the 2005 Legislative General Session. State revenues were projected to increase 3.5%, or \$139 million, above authorized Fiscal Year 2005. Balancing the budget included carrying forward funds from Fiscal Year 2004, transferring money from restricted funds and restricting increases in base budgets. The Legislature was able to approve major increases in transportation, Medicaid, public education, higher education, and health, dental and retirement rates. In addition, it provides a cost-of-living and market comparability adjustment for state employees.

Budget Reserve Accounts. The State maintains a Budget Reserve Account in the General Fund (referred to herein as the "Rainy Day Fund") which can only be used to cover operating deficits, legal settlement agreements approved by the Legislature or retroactive tax refunds. To cover budget shortfalls for Fiscal Year 2002, the Legislature appropriated approximately \$105.3 million from the Rainy Day Fund. State law requires 25% of any General Fund surplus to be deposited in the Rainy Day Fund. The 2002 Legislature passed legislation providing for the replenishment of the Rainy Day Fund by annually transferring an additional 25% to the Rainy Day Fund (total of 50%) of any General Fund surplus until any previous appropriations from the Rainy Day Fund have been repaid.

The 2005 Legislature appropriated \$10.3 million of one-time money to the Rainy Day Fund for Fiscal Year 2005. In addition, the 2004 Legislature reallocated 30% of the tobacco settlement payments received between July 1, 2004 and July 1, 2005 from the tobacco settlement funds to the Rainy Day Fund. This added approximately \$8 million to the Rainy Day Fund in Fiscal Year 2005.

As of December 31, 2005, the balance in the Rainy Day Fund was approximately \$107 million.

The Education Budget Reserve Account (the "Education Reserve") was established in 2003 in addition to the Rainy Day Fund. The Education Reserve is a reserve to cover operating deficits that may occur in the public and higher education systems. The Education Reserve is to receive 25% of any surplus in the Uniform School Fund at the end of each fiscal year. The 2005 Legislature appropriated \$24 million of one-time money to the Rainy Day Fund for Fiscal Year 2006.

As of December 31, 2005, the balance in the Education Reserve was approximately \$65 million.

The Legislature also established a ceiling on the combined balances of the Rainy Day Fund and the Education Reserve equal to 6% of the combined total of appropriations for all purposes from the General Fund and the Uniform School Fund. The current combined ceiling is approximately \$238.7 million.

Other Post Employment Benefits. The Governmental Accounting Standards Board ("GASB") issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Additionally GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statements 43 and 45, which are effective for the State's fiscal years beginning July 1, 2006 and 2007, respectively, will require that the long-term cost of retirement health care and other non pension benefits provided after employment to retired employees be determined on an actuarial basis and reported similar to pension plans.

The State has allowed employees, upon retirement, to convert eight hours of accrued sick leave into one month's paid health care premium. This conversion was subject to certain mandatory adjustments. The 2005 Legislature passed House Bill 213, *Unused Sick Leave at Retirement Amendments* that in part, changes how sick leave hours may be used after retirement. Beginning January 1, 2006,

upon retirement, 25% of all unused accumulated sick leave, will be contributed to a 401(k) defined contribution plan (subject to Internal Revenue Service deferral limits). Each day of any remaining sick leave earned prior to January 1, 2006, may continue to be converted for one month's paid health care premium. Any remaining sick leave earned January 1, 2006 or after is contributed to a medical reimbursement account at the employee's rate of pay at the time of retirement, but not less than the average rate of pay for employees who retired during the previous calendar year. In addition, State paid health and life insurance coverage, available up to five years to employees who retire prior to age 65, will phase out over the next five years.

In 2005, the State retained an actuary to determine the Unfunded Actuarial Accrued Liability and the Annual Required Contribution for the State. As of December 31, 2004, the preliminary estimate of this liability is \$536 million if the State begins funding the liability upon implementing the new GASB standards. The preliminary annual required contribution is \$51.4 million. Of this amount, the State is currently paying approximately \$21 million on a pay-as-you-go basis for current retirees' health benefits. If the State chooses to continue to pay for the liability on a pay-as-you-go basis rather than fund the liability, the preliminary estimate of the liability is \$827.9 million.

At this time, the State has not determined whether or not it will fund the liability. The Governor has recommended funding the annual liability in his Fiscal Year 2007 budget recommendations. The 2006 Legislature will make its decision during the upcoming legislative session.

Revenues and Expenditures for Fiscal Years 2005, 2004, and 2003

The following table summarizes the State's revenues and expenditures for Fiscal Years 2005, 2004, and 2003:

	Analysis of Operations—General Fund and Major Special Revenue Funds (1)					
	Fiscal Year Ending June 30, 2005		Fiscal Year Ending June 30, 2004		Fiscal Year Ending June 30, 2003	
	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
Revenues: (1)						
Federal revenues	\$ 2,362,803	3 %	\$ 2,292,046	12 %	\$ 2,046,399	11
Individual and corporate income taxes	2,155,897	15	1,872,667	7	1,748,649	2
Sales and use tax	1,699,636	9	1,553,909	5	1,481,823	1
Motor/special fuel tax	336,417	3	327,838	2	321,370	0
Other taxes	271,264	18	230,558	9	210,992	6
Liquor profits	38,067	3	37,127	12	33,063	2
Other	694,233	12	620,288	13	546,632	1
Total	<u>\$ 7,558,317</u>	9 %	<u>\$ 6,934,433</u>	9 %	<u>\$ 6,388,928</u>	4
Expenditures	<u>\$ 7,017,202</u>	6 %	<u>\$ 6,623,877</u>	6 %	<u>\$ 6,255,022</u>	0

(1) Includes revenues and expenditures for the General Fund and the Major Special Revenue Funds (Uniform School Fund, Transportation Fund, and Centennial Highway Fund).

(Sources: Division of Finance and the 2005 CAFR.)

Five-Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for the Fiscal Years 2001 through 2005. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government-wide statement basis.

Five-year historical summaries have been prepared for the Combined Balance Sheet—All Governmental Fund Types Only; Statement of Revenues, Expenditures, and Changes in Fund Balance—General Fund; and Statement of Revenues, Expenditures, and Changes in Fund Balance—Major Special Revenue Funds.

The five-year summary Statement of Revenues, Expenditures, and Changes in Fund Balance—Major Special Revenue Funds has been included to show the State's sources of revenue for and expenditures on public education and transportation.

Unless otherwise noted, the financial information for the Fiscal Years' prior to Fiscal Year 2002 have not been restated to reflect the changes in accounting standards.

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State of Utah
Combined Balance Sheet—All Governmental Fund Types Only

(This summary is unaudited)

As of June 30 (in thousands)					
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001
Assets:					
Cash and cash equivalents	\$ 932,620	\$ 386,148	\$ 505,731	\$ 284,444	\$ 586,836
Investments	521,982	711,950	648,211	785,121	313,565
Receivables:					
Accounts, net	464,291	626,266	598,616	485,522	523,415
Accrued taxes, net	693,516	586,076	524,670	581,065	548,537
Notes/Mortgages, net (2)	13,265	9,458	12,297	13,355	280,350
Accrued interest (2)	123	55	111	32	1,952
Due from other funds	23,700	24,277	51,532	54,173	115,209
Due from component units	26,179	26,395	18,922	29,016	29,939
Interfund loans receivable	11,473	43,963	43,546	44,638	24,322
Inventories	32,533	9,496	7,537	8,894	8,728
Total assets	<u>\$ 2,719,682</u>	<u>\$ 2,424,084</u>	<u>\$ 2,411,173</u>	<u>\$ 2,286,260</u>	<u>\$ 2,432,853</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 589,716	\$ 536,089	\$ 537,522	\$ 510,618	\$ 423,000
Due to other funds	28,151	26,569	40,171	65,469	98,126
Due to component units	1,503	8,013	4,812	-	359
Deferred revenue	319,938	390,140	320,381	279,983	392,194
Interfund loans payable	-	2,478	2,478	2,478	2,478
Leave/Postemployment benefits (3)	-	-	-	-	260,268
Total liabilities	<u>939,308</u>	<u>963,289</u>	<u>905,364</u>	<u>858,548</u>	<u>1,176,425</u>
Fund balances:					
Reserved	716,255	555,158	704,592	801,664	764,662
Unreserved designated	681,751	534,040	466,206	385,833	393,290
Unreserved undesignated	382,368	371,597	335,011	240,215	98,476
Total fund balances	<u>1,780,374</u>	<u>1,460,795</u>	<u>1,505,809</u>	<u>1,427,712</u>	<u>1,256,428</u>
Total liabilities and fund balances	<u>\$ 2,719,682</u>	<u>\$ 2,424,084</u>	<u>\$ 2,411,173</u>	<u>\$ 2,286,260</u>	<u>\$ 2,432,853</u>

- (1) Beginning in Fiscal Year 2002, this summary includes balances of the State's governmental funds (except the Trust Lands permanent fund). The State implemented GASB Statement 34 in Fiscal Year 2002. The new financial reporting requirements of Statement 34 impacted the way certain funds were classified and reported. As a result, the comparability between Fiscal Years 2005 through 2002 balances to Fiscal Year 2001 is affected.
- (2) Decreases in these accounts, beginning in Fiscal Year 2002, are due to the implementation of GASB Statement 34, which resulted in certain water loan funds and housing loan funds being reclassified from Governmental funds to Proprietary funds.
- (3) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

State of Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Type—General Fund

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001
Revenues:					
Taxes:					
Sales and use tax	\$ 1,664,352	\$ 1,521,076	\$ 1,447,281	\$ 1,437,339	\$ 1,441,046
Other taxes	234,710	200,167	187,397	172,307	194,250
Total taxes	<u>1,899,062</u>	<u>1,721,243</u>	<u>1,634,678</u>	<u>1,609,646</u>	<u>1,635,296</u>
Other Revenues:					
Federal contracts and grants	1,776,555	1,741,580	1,524,832	1,341,072	1,214,201
Charges for services	238,181	204,874	182,090	192,190	181,748
Licenses, permits, and fees	17,866	18,029	17,745	17,721	16,963
Federal mineral lease	82,704	67,216	46,335	29,367	49,566
Investment income	16,483	6,897	8,258	15,333	45,468
Miscellaneous and other	148,015	143,033	124,422	114,449	74,325
Total revenues	<u>4,178,866</u>	<u>3,902,872</u>	<u>3,538,360</u>	<u>3,319,778</u>	<u>3,217,567</u>
Expenditures:					
Current:					
General government and courts	267,856	258,766	248,629	261,238	254,001
Human services and youth corrections	575,046	550,691	532,270	529,403	333,327
Corrections, adult	193,442	187,278	176,624	182,860	183,395
Public safety	161,350	146,974	122,830	147,728	120,454
Health and environmental quality	1,456,282	1,340,304	1,171,877	1,055,856	1,097,147
Higher education—state administration	39,121	32,827	34,891	42,155	36,118
Higher education—colleges and universities (2)	626,026	595,630	592,668	610,837	-
Employment and family services	415,892	394,304	362,931	321,154	286,304
Natural resources	120,398	119,909	132,388	119,383	104,859
Community and economic development	86,335	86,085	88,731	86,160	82,381
Business, labor, and agriculture	74,919	62,528	55,583	55,639	49,417
Leave/Postemployment benefits (3)	-	-	-	-	7,083
Total expenditures	<u>4,016,667</u>	<u>3,775,296</u>	<u>3,519,422</u>	<u>3,412,413</u>	<u>2,554,486</u>
Excess revenues over (under) expenditures	<u>162,199</u>	<u>127,576</u>	<u>18,938</u>	<u>(92,635)</u>	<u>663,081</u>
Other financing sources (uses):					
Capital lease/contracts issued	-	-	-	-	1,602
Transfers in	294,313	178,900	146,547	223,529	268,793
Transfers out	(288,486)	(207,519)	(146,514)	(330,679)	(312,737)
Transfers from component units	-	-	-	-	526
Transfers to component units (2)	-	-	-	-	(537,279)
Total other financing sources (uses)	<u>5,827</u>	<u>(28,619)</u>	<u>33</u>	<u>(107,150)</u>	<u>(579,095)</u>
Net change in fund balances	<u>168,026</u>	<u>98,957</u>	<u>18,971</u>	<u>(199,785)</u>	<u>83,986</u>
Beginning fund balance	485,953	386,996	368,025	708,067	646,959
Adjustments to beginning fund balance (4)	-	-	-	(140,257)	-
Beginning fund balance as adjusted	<u>485,953</u>	<u>386,996</u>	<u>368,025</u>	<u>567,810</u>	<u>646,959</u>
Residual equity transfers	-	-	-	-	(22,878)
Ending fund balances	<u>\$ 653,979</u>	<u>\$ 485,953</u>	<u>\$ 386,996</u>	<u>\$ 368,025</u>	<u>\$ 708,067</u>

- (1) Due to changes in accounting standards, the comparability between Fiscal Years 2005 through 2002 to Fiscal Year 2001 is affected.
- (2) State support of higher education—colleges and universities, starting in Fiscal Year 2002, is reported as a current expenditure under the GASB 34 reporting model. Previously, state support of higher education was shown as an operating transfer to components units for the Fiscal Year 2001. These transfers to colleges and universities were substantially all of the operating transfers to component units.
- (3) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

State of Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Type—Major Special Revenue Funds (1)

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2005 (2)	2004 (2)	2003 (2)	2002 (2)	2001
Revenues:					
Taxes:					
Sales and use tax	\$ 35,284	\$ 32,833	\$ 34,542	\$ 36,140	\$ 24,255
Individual income tax	1,946,593	1,706,774	1,587,520	1,584,546	1,712,676
Corporate tax	209,304	165,893	161,129	124,561	183,141
Motor and special fuels tax	336,417	327,838	321,370	321,682	310,000
Other taxes (3)	36,554	30,391	23,595	26,131	(720)
Total taxes	<u>2,564,152</u>	<u>2,263,729</u>	<u>2,128,156</u>	<u>2,093,060</u>	<u>2,229,352</u>
Other Revenues:					
Federal contracts and grants	586,248	550,466	521,567	505,838	493,862
Charges for services	26,975	27,399	22,465	23,438	35,461
Licenses, permits, and fees	90,040	85,606	83,784	80,911	74,616
Federal aeronautics	34,416	25,821	18,791	31,026	33,386
Investment income	22,235	15,720	16,367	15,296	17,566
Miscellaneous and other	17,318	25,693	26,375	21,481	29,502
Total other revenues	<u>777,232</u>	<u>730,705</u>	<u>689,349</u>	<u>677,990</u>	<u>684,393</u>
Total revenues	<u>3,341,384</u>	<u>2,994,434</u>	<u>2,817,505</u>	<u>2,771,050</u>	<u>2,913,745</u>
Expenditures:					
Current:					
Public education	2,168,798	2,037,873	1,979,461	1,998,240	1,949,959
Transportation	831,737	810,708	756,139	847,517	877,653
Leave/Postemployment benefits (4)	-	-	-	-	2,103
Total expenditures	<u>3,000,535</u>	<u>2,848,581</u>	<u>2,735,600</u>	<u>2,845,757</u>	<u>2,829,715</u>
Excess revenues over (under) expenditures	<u>340,849</u>	<u>145,853</u>	<u>81,905</u>	<u>(74,707)</u>	<u>84,030</u>
Other financing sources (uses):					
Capital leases/contracts issued	-	-	-	-	1,688
General obligation bonds issued	47,050	-	140,685	277,810	-
Premium on bonds issued	2,950	-	20,581	11,241	-
Transfers in	185,731	163,880	145,625	340,705	249,665
Transfers out	(535,939)	(331,345)	(228,262)	(369,293)	(460,906)
Total other financing sources (uses)	<u>(300,208)</u>	<u>(167,465)</u>	<u>78,629</u>	<u>260,463</u>	<u>(209,553)</u>
Net change in fund balances	<u>40,641</u>	<u>(21,612)</u>	<u>160,534</u>	<u>185,756</u>	<u>(125,523)</u>
Beginning fund balance	757,418	779,030	618,496	377,980	503,503
Adjustments to beginning fund balance (5)	(1,066)	-	-	54,760	-
Beginning fund balance as adjusted	<u>756,352</u>	<u>779,030</u>	<u>618,496</u>	<u>432,740</u>	<u>503,503</u>
Ending fund balances	<u>\$ 796,993</u>	<u>\$ 757,418</u>	<u>\$ 779,030</u>	<u>\$ 618,496</u>	<u>\$ 377,980</u>

- (1) The major special revenue funds include the Uniform School Fund, Transportation Fund, and Centennial Highway Fund.
- (2) Due to changes in accounting standards, the comparability between Fiscal Years 2005 through 2002 statements to Fiscal Year 2001 is affected.
- (3) The negative revenue in Fiscal Year 2001 was a result of changes in the balance of receivables related to other taxes, that is, the accrued receivable balance related to other taxes at the end of Fiscal Year 2001 declined compared to the previous fiscal year and furthermore, the decline in the accrued receivable was greater than realized revenue.
- (4) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (5) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

Property Tax Matters

Ad Valorem Tax Levy

Though authorized to do so under Title 59, Chapter 2, Part 901 of the Utah Code, the State does not presently levy ad valorem property taxes. However, if the State does not have sufficient moneys available to pay principal and interest on its general obligation bonds from sources other than ad valorem taxes, the State Tax Commission would be required to levy ad valorem property taxes on all taxable property in the State to cover the deficit.

Property Tax Act

The State Constitution and Property Tax Act, Title 59, Chapter 2 of the Utah Code (the "Property Tax Act"), provide that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its "fair market value" as of January 1 of each year, unless otherwise provided by law. Section 3 (2) (iv) of Article XIII of the State Constitution provides that the Legislature may exempt by statute from property tax up to 45% of the fair market value of residential property, as defined by statute. The Legislature enacted legislation, effective January 1, 1995, providing that the "fair market value" of primary residential property will be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The following tables reflect the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The second table shows the Centrally-Assessed Property compared with the Locally-Assessed property.

Taxable Value Compared with Fair Market Value of All Taxable Property in the State

<u>Tax Year</u>	<u>Taxable Value (1)</u>	<u>% Change Over Prior Year</u>	<u>Fair Market Value</u>	<u>% Change Over Prior Year</u>
2005 (2)	\$ 132,283,252,974	7.4 %	\$ 185,528,783,516	7.2 %
2004	123,210,372,102	5.0	173,003,833,163	5.1
2003	117,371,436,772	2.7	164,567,249,587	3.1
2002	114,320,788,860	3.6	159,659,350,270	4.2
2001	110,312,889,753	8.0	153,166,345,540	7.7

-
- (1) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing the current partial property tax exemption for such property.
(2) Preliminary; subject to change.

(Source: Property Tax Division, Utah State Tax Commission.)

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Historical Summaries of Taxable Values of Property

	2005			2004	2003	2002	2001
	(1)	% of					
	Taxable Value	T.V.		Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission</i>							
<i>(Centrally Assessed)</i>							
Natural resources	\$ 4,900,000,000	3.7 %	\$	4,211,778,705	\$ 3,002,785,404	\$ 3,336,164,284	\$ 4,067,175,485
Utilities	9,333,848,414	7.1		9,509,472,931	9,742,802,798	9,380,729,030	10,075,002,458
Total centrally assessed	<u>14,233,848,414</u>	<u>10.8</u>		<u>13,721,251,636</u>	<u>12,745,588,202</u>	<u>12,716,893,314</u>	<u>14,142,177,943</u>
<i>Set by County Assessor</i>							
<i>(Locally Assessed)</i>							
Real Property:							
Primary residential	64,867,870,662	49.0		60,635,462,669	57,428,791,528	55,154,680,220	52,099,359,175
Commercial	27,000,000,000	20.4		25,204,539,225	25,995,762,668	25,524,121,711	23,831,287,399
Other real	<u>18,475,000,000</u>	<u>14.0</u>		<u>15,622,104,219</u>	<u>12,900,782,786</u>	<u>12,346,922,189</u>	<u>11,787,529,050</u>
Total real property	<u>110,342,870,662</u>	<u>83.4</u>		<u>101,462,106,113</u>	<u>96,325,336,982</u>	<u>93,025,724,120</u>	<u>87,718,175,624</u>
Personal property:							
Total personal property	<u>7,706,533,898</u>	<u>5.8</u>		<u>8,027,014,353</u>	<u>8,300,521,588</u>	<u>8,578,171,426</u>	<u>8,452,536,186</u>
Total locally assessed	<u>118,049,404,560</u>	<u>89.2</u>		<u>109,489,120,466</u>	<u>104,625,858,570</u>	<u>101,603,895,546</u>	<u>96,170,711,810</u>
Total taxable value	<u>\$ 132,283,252,974</u>	<u>100.0 %</u>	<u>\$</u>	<u>123,210,372,102</u>	<u>\$ 117,371,446,772</u>	<u>\$ 114,320,788,860</u>	<u>\$ 110,312,889,753</u>

(1) Preliminary; subject to change. Information is rounded as necessary.

(Source: Property Tax Division, Utah State Tax Commission.)

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State Revenues, Expenditures, and Fund Balances

The State receives revenues from three principal sources: (a) taxes; (b) Federal grants-in-aid; and (c) miscellaneous charges and receipts, including fees, the State's share of mineral royalties, and bonuses on federal land. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

Fiscal Year Ended June 30 (in thousands)										
	2005	% (1)	2004	% (1)	2003	% (1)	2002	% (1)	2001	%
Taxes (2)	\$ 4,467,665	58%	\$ 3,989,188	57%	\$ 3,765,460	58%	\$ 3,705,851	60%	\$ 3,879,866	62%
Federal contracts and grants	2,366,786	31	2,295,428	33	2,049,922	32	1,856,477	30	1,708,087	27
All other misc. revenue (3)	830,897	11	732,078	10	652,561	10	639,710	10	655,329	11
Total all funds	<u>\$ 7,665,348</u>	<u>100%</u>	<u>\$ 7,016,694</u>	<u>100%</u>	<u>\$ 6,467,943</u>	<u>100%</u>	<u>\$ 6,202,038</u>	<u>100%</u>	<u>\$ 6,243,282</u>	<u>100%</u>

- (1) Percentage of total Governmental Fund Revenue. Beginning in Fiscal Year 2002, this summary includes revenues of the State's governmental funds (except the Trust Lands permanent fund). The State implemented GASB Statement 34 in Fiscal Year 2002. The new financial reporting requirements of Statement 34 impacted the way certain funds were classified and reported. As a result, the comparability between Fiscal Years 2005 through 2002 revenue amounts to Fiscal Year 2001 is affected.
- (2) Includes sales, individual income, corporate franchise, motor and special fuel taxes, and other miscellaneous taxes.
- (3) Includes charges for services; licenses, permits, and fees; federal aeronautics; federal mineral lease revenues; intergovernmental revenues; interest on investments; liquor control profits; and other miscellaneous revenues.

(Source: Division of Finance.)

Revenue Summary. For the Fiscal Year 2005, General Fund revenues from all sources totaled approximately \$4.2 billion. Of this amount, 43% came from federal contracts and grants, 40% came from sales tax, 6% came from charges for services and licenses, permits, and fees, 5% came from federal mineral lease, investment income and miscellaneous and other revenues and 5% came from other tax sources. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund, which amounted to \$38.1 million.

In the Uniform School Fund for Fiscal Year 2005, revenues from all sources totaled approximately \$2.5 billion. Of this amount, 76% came from individual income taxes, 14% came from federal contracts and grants, 8% came from corporate franchise taxes, and 2% came from other miscellaneous revenue sources.

In the Transportation Fund for Fiscal Year 2005, revenues from all sources totaled approximately \$719.6 million. Of this amount, 47% came from motor and special fuel taxes, 27% came from federal contracts and grants, 13% came from charges for services and licenses, permits, and fees, and 13% came from other miscellaneous unrestricted taxes and fees.

In the Centennial Highway Fund for Fiscal Year 2005, revenues from all sources totaled \$73.5 million. Of this amount 60% came from federal contracts and grants, 28% came from motor vehicle registration fees, 8% came from sales tax revenue, and 4% came from interest income.

Revenues by Source

All Governmental Fund Types

Fiscal Year Ended June 30 (in thousands)					
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001
Taxes:					
Individual income tax	\$ 1,946,593	\$ 1,706,774	\$ 1,587,520	\$ 1,584,546	\$ 1,712,676
Sales and use tax	1,699,636	1,553,909	1,481,823	1,473,479	1,465,301
Motor and special fuel tax	336,417	327,838	321,370	321,682	310,000
Other taxes	275,715	234,774	213,618	201,583	208,748
Corporate tax	209,304	165,893	161,129	124,561	183,141
Total taxes	<u>4,467,665</u>	<u>3,989,188</u>	<u>3,765,460</u>	<u>3,705,851</u>	<u>3,879,866</u>
Other Revenues:					
Federal contracts and grants	2,366,786	2,295,428	2,049,922	1,856,477	1,708,087
Charges for services	273,499	242,780	211,756	222,669	236,986
Miscellaneous and other	231,708	208,171	193,448	176,895	112,970
Licenses, permits, and fees	121,382	113,625	110,315	107,201	91,875
Federal mineral lease	82,704	67,216	47,307	30,527	49,566
Investment income	45,017	25,943	29,418	31,240	65,068
Federal aeronautics	34,416	25,821	18,791	31,026	33,386
Intergovernmental	4,104	11,395	8,463	7,611	35,225
Total other revenues	<u>3,159,616</u>	<u>2,990,379</u>	<u>2,669,420</u>	<u>2,463,646</u>	<u>2,333,163</u>
Total revenues	7,627,281	6,979,567	6,434,880	6,169,497	6,213,029
Liquor profit transfer	38,067	37,127	33,063	32,541	30,253
Total revenues and liquor profit transfer	<u>\$ 7,665,348</u>	<u>\$ 7,016,694</u>	<u>\$ 6,467,943</u>	<u>\$ 6,202,038</u>	<u>\$ 6,243,282</u>

(1) Beginning in Fiscal Year 2002, this summary includes revenues of the State's governmental funds (except the Trust Lands permanent fund). The State implemented GASB Statement 34 in Fiscal Year 2002. The new financial reporting requirements of Statement 34 impacted the way certain funds were classified and reported. As a result, the comparability between Fiscal Years 2005 through 2002 revenue amounts to Fiscal Year 2001 is affected.

(Sources: Division of Finance and the 2005 CAFR.)

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Expenditures by Function

All Governmental Fund Types

Function	Fiscal Year Ended June 30 (in thousands)				
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001
Human services, health, corrections, and environmental quality	\$ 2,236,519	\$ 2,084,990	\$ 1,888,105	\$ 1,775,052	\$ 1,613,869
Public education	2,168,896	2,038,053	1,979,880	1,998,450	1,949,959
Transportation and public safety	995,357	961,441	882,151	999,332	998,107
Higher education	676,208	647,749	632,368	652,992	569,722
Employment and family services	417,037	394,926	363,116	321,154	286,304
General government and courts	286,698	279,209	269,450	287,024	256,505
Debt service	273,679	211,960	189,020	175,188	158,886
Capital outlay	139,488	173,869	205,861	112,569	153,126
Natural resources	123,195	121,461	134,247	121,072	104,859
Community and economic development	87,621	89,051	91,986	91,014	83,526
Business, labor, and agriculture	85,115	72,124	66,382	63,940	49,672
Leave/Postemployment benefits (2)	-	-	-	-	9,186
Total expenditures					
All Governmental Fund Types	<u>\$ 7,489,813</u>	<u>\$ 7,074,833</u>	<u>\$ 6,702,566</u>	<u>\$ 6,597,787</u>	<u>\$ 6,233,721</u>

Changes in All Governmental Fund Types

	Fiscal Year Ended June 30 (dollars in millions)				
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001
Revenues (3)	\$ 7,665	\$ 7,017	\$ 6,468	\$ 6,202	\$ 6,243
% change over previous year	9.2%	8.5%	4.3%	-0.7%	3.7%
Net other financing sources (4)	\$ 170	\$ 29	\$ 319	\$ 565	\$ 18
Expenditures (5)	\$ 7,490	\$ 7,075	\$ 6,703	\$ 6,598	\$ 6,234
% change over previous year	5.9%	5.5%	1.6%	5.8%	4.2%

- (1) Beginning in Fiscal Year 2002, these summaries include revenues and expenditures of the State's governmental funds (except the Trust Lands permanent fund). The State implemented GASB Statement 34 in Fiscal Year 2002. The new financial reporting requirements of Statement 34 impacted the way certain funds were classified and reported. As a result, the comparability between Fiscal Years 2005 through 2002 amounts to Fiscal Year 2001 is affected.
- (2) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (3) Includes liquor control profits.
- (4) Includes bond proceeds, net of any refunding issues, plus financing provided from capital leasing.
- (5) Funding for expenditures is provided from revenues, beginning balances, bond proceeds, and capital leases issued. Beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2005 CAFR.)

Fund Balances

Fund Balances—All Governmental Fund Types (1)

Fund	Fiscal Year Ended June 30 (in thousands)				Restated 2001
	2005 (2)	2004 (2)	2003 (2)	2002 (2)	
General (3)	\$ 653,979	\$ 485,953	\$ 386,996	\$ 368,025	\$ 567,810
Special Revenue:					
Uniform School (4)	406,494	313,886	243,917	182,219	242,727
Transportation (5)	206,049	226,081	214,879	130,920	126,080
Centennial Highway	184,450	217,451	320,234	305,357	63,933
Environmental Reclamation (6)	25,921	23,762	23,291	24,058	21,556
Tobacco Endowment	18,109	17,759	12,177	41,531	27,521
Rural Development (7)	19,922	15,094	12,318	11,357	8,086
Crime Victim Reparation (6)	9,623	10,653	13,526	16,558	14,169
Miscellaneous Special Rev. (6)	8,074	7,603	6,489	6,847	5,895
Universal Telephone Service (6)	5,076	3,804	4,787	8,895	10,473
Consumer Education (7)	3,324	3,564	3,133	2,967	3,836
State Capitol	51	-	37	21	7
Sports Authority (8)	-	-	-	689	1,127
Capital Projects	226,666	122,343	248,021	305,386	128,340
Debt Service	12,636	12,842	16,004	22,882	12,110
Total	<u>\$ 1,780,374</u>	<u>\$ 1,460,795</u>	<u>\$ 1,505,809</u>	<u>\$ 1,427,712</u>	<u>\$ 1,233,670</u>

- (1) Includes restricted and unrestricted fund balances.
- (2) Beginning in Fiscal Year 2002, this summary includes fund balances of the State's governmental funds (except the Trust Lands permanent fund). The State implemented GASB Statement 34 in Fiscal Year 2002. The new financial reporting requirements of Statement 34 impacted the way certain funds were classified and reported. As a result, the comparability between Fiscal Years 2005 through 2002 fund balance amounts to Fiscal Year 2001 is affected.
- (3) The General Fund Fiscal Year 2001 ending fund balance was restated, resulting in a decrease of (\$140.3) million because of the following changes: a) reclassification of water and housing loan funds that were previously reported as a part of the General Fund, but now are reported as proprietary funds due to the implementation of GASB Statement 34 resulted in a decrease of (\$286.9) million; b) additional guidance from GASB Interpretation 6 increased fund balance by \$142.4 million; and c) miscellaneous changes because of various fund reclassifications and prior period adjustments due to GASB Statement 34, these changes amounted to an increase in fund balance of \$4.2 million.
- (4) The Uniform School Fund Fiscal Year 2001 ending fund balance was restated by approximately \$24.0 million due to: a) additional guidance in GASB Interpretation 6, which increased fund balance by \$18.4 million; b) reclassification of Applied Technology Centers to a component unit resulted in a decrease of (\$4.1) million; and c) various fund reclassifications and prior period adjustments of \$9.6 million due to GASB Statement 34.
- (5) The Transportation Fund Fiscal Year 2001 ending fund balance was restated by \$30.8 million primarily because of additional guidance in GASB Interpretation 6.
- (6) The ending Fiscal Year 2001 fund balances for the following funds were reclassified to special revenue funds in the following amounts because of GASB Statement 34: a) Environmental Reclamation Fund—\$21.6 million; b) Crime Victim Reparation Fund—\$14.2 million; c) Universal Telephone Service Fund—\$10.5 million; and d) Miscellaneous Special Revenue Funds—\$5.9 million. These funds had previously been reported as trust funds or proprietary funds in the fiscal years prior to Fiscal Year 2002.
- (7) The Consumer Education and Rural Development Funds had ending Fiscal Year 2001 fund balance restatements of \$3.5 million and \$6.5 million respectively, because of fund reclassifications due to the implementation of GASB Statement 34.
- (8) The Sports Authority Fund was closed in Fiscal Year 2003.

(Sources: Division of Finance and the 2005 CAFR.)

General Fund

Revenues, Expenditures, and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001
Revenues:					
Federal contracts and grants	\$ 1,776,555	\$ 1,741,580	\$ 1,524,832	\$ 1,341,072	\$ 1,214,201
Sales and use tax	1,664,352	1,521,076	1,447,281	1,437,339	1,441,046
Charges for services	238,181	204,874	182,090	192,190	181,748
Other taxes	234,710	200,167	187,397	172,307	194,250
Miscellaneous and other	148,015	143,033	124,422	114,449	74,325
Federal mineral leases	82,704	67,216	46,335	29,367	49,566
Liquor profit (2)	38,067	37,127	33,063	32,541	30,253
Licenses, permits, and fees	17,866	18,029	17,745	17,721	16,963
Investment income	16,483	6,897	8,258	15,333	45,468
Total revenues	<u>\$ 4,216,933</u>	<u>\$ 3,939,999</u>	<u>\$ 3,571,423</u>	<u>\$ 3,352,319</u>	<u>\$ 3,247,820</u>
% change over previous year	7.0%	10.3%	6.5%	3.2%	5.1%
Expenditures	<u>\$ 4,016,667</u>	<u>\$ 3,775,296</u>	<u>\$ 3,519,422</u>	<u>\$ 3,412,413</u>	<u>\$ 3,088,090</u>
% change over previous year	6.4%	7.3%	3.1%	10.5%	6.4%
Fund Balance: (3)					
Unreserved, designated	\$ 366,992	\$ 255,531	\$ 156,016	\$ 146,551	\$ 187,491
Unreserved, undesignated	24,627	16,359	-	-	11,614
Reserved	262,360	214,063	230,980	221,474	508,962
Total fund balance	<u>\$ 653,979</u>	<u>\$ 485,953</u>	<u>\$ 386,996</u>	<u>\$ 368,025</u>	<u>\$ 708,067</u>

- (1) Due to changes in accounting standards, the comparability between Fiscal Years 2005 through 2002 to Fiscal Year 2001 is affected.
- (2) Liquor control profits are reported as transfers into the General Fund.
- (3) The Fund Balance is derived from revenues, expenditures, transfers, and other financing sources which are not presented in this table and the beginning fund balance from the prior fiscal year.

(Sources: Division of Finance and the 2005 CAFR.)

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STATE OF UTAH FISCAL YEAR ENDED JUNE 30, 2005
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Included with this supplement is the State's Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2005.

Additionally, the CAFR and the State's Continuing Disclosure may be found on the "world wide web" at the State of Utah, Division of Finance's internet site at:

<http://www.finance.utah.gov/reports/cafr.htm>

<http://www.finance.utah.gov/bonds/disclosure.htm>

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State of Utah

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2005

State Of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2005

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Jon M. Huntsman, Jr. Governor
Gary R. Herbert Lt. Governor
Auston G. Johnson, CPA State Auditor
Edward T. Alter, CPA State Treasurer
Mark L. Shurtleff Attorney General
John L. Valentine President of the Senate
Greg J. Curtis Speaker of the House
Christine M. Durham Chief Justice, Supreme Court

OTHER STATE OFFICIALS

D'Arcy Dixon Pignanelli Executive Director, Dept. of Administrative Services
John C. Reidhead, CPA Director, Division of Finance
Richard K. Ellis Director, Office of Planning and Budget
John E. Massey Legislative Fiscal Analyst
John M. Schaff, CIA Legislative Auditor General
Michael E. Christensen Director, Legislative Research and General Counsel

ACKNOWLEDGMENTS

Report prepared by:
Division of Finance, Accounting Standards and Financial Reporting Section
Marcie L. Handy, CPA
Jason K. Nielsen, CPA
Eugene F. Baird
Brett R. Barney, CPA
Lynn G. Bodrero, CPA
Darin C. Janzen
Henry Johnston, CPA
Lynda B. McLane, CPA
Deborah S. Memmott
Gary E. Morris, CPA
David H. Pierce, CPA
Jill Ressler

Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

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State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Department of Administrative Services

D'Arcy Dixon Pignanelli
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

November 14, 2005

To the Citizens, Governor,
and Members of the Legislature
of the State of Utah:

It is our pleasure to present the 2005 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

Internal Control. The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Independent Auditors. In compliance with state statute, an annual financial audit of the "State Entity" is completed each year by the Utah State Auditor's Office in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The State Auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the State Auditor's report, is issued in a separate report and will be available at a later date.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 14 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Structure. As shown in the organizational chart on page 10, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government services provided to citizens include building and maintaining roads; providing public safety,

health, and environmental protection services to protect the general welfare of the state's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

This report includes all funds of the State of Utah and includes all departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented components units can be found in the notes to the financial statements (see Note 1. A.).

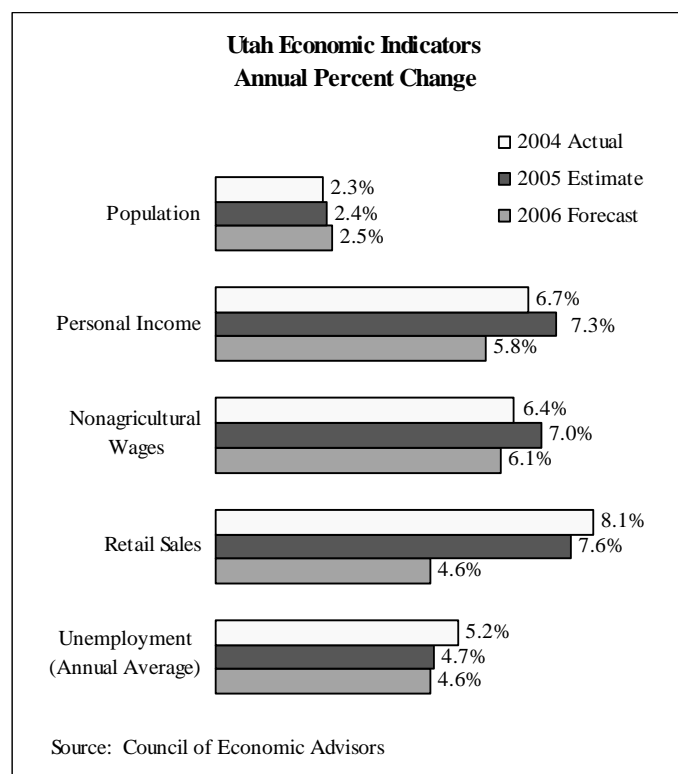
Budgetary Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget by fund, function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures in the annual *Appropriations Acts*. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position. For additional information on budgetary control see the notes to Required Supplementary Information on page 111.

Spending Limitation. The State has an appropriation limitation statute that limits the growth in the combined appropriations from the General Fund and from income tax revenues for higher education to the relative growth in population and inflation. The appropriations limit was also recently amended by the 2005 Legislature as more fully explained in the notes to Required Supplementary Information on page 111. For the fiscal year ended June 30, 2005, the State was \$88.2 million below the appropriations limitation. The State is currently below the fiscal year 2006 appropriations limitation by \$69.1 million.

ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits increased 13.0 percent in 2004 and are expected to rise 34.8 percent through the end of 2005 as the economy continues to improve. The national unemployment rate is expected to drop to 5.1 percent in 2005 and 4.9 percent in 2006, down from 5.5 percent in 2004. Utah's economic indicators have resembled national trends, although the State is recovering faster than the nation from the 2002-2003 economic downturn.

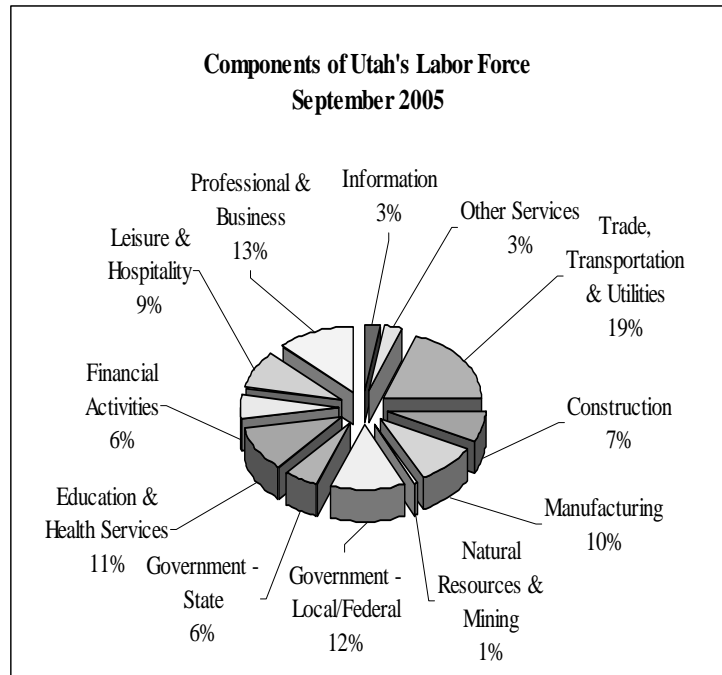
Utah's unemployment rate is expected to continue its decline from 5.2 percent in 2004 to 4.7 percent in 2005, and to 4.6 percent in 2006. This trend represents continued improvement from the unemployment high of 5.7 percent in 2002 and 2003. However, the State's unemployment rate is still higher than the ten-year low of 3.1 percent in 1997. With the continuing drop in unemployment, personal income and nonagricultural wages are expected to increase in 2006 by 5.8 percent and 6.1 percent, respectively. Retail sales are estimated to grow 7.6 percent in 2005 and 4.6 percent in 2006. Both personal income and retail sales have rebounded significantly from the low growth rates experienced in 2002 of 2.2 percent and 2.4 percent, respectively. In 2004, the value of home construction reached an all-time high of \$3.6 billion. Home construction values are expected to increase even higher in 2005 to \$4.3 billion and remain strong during 2006 as low interest rates continue to drive new home construction. Utah is expected



to have a net in-migration in 2005 of 23,500. Utah has had net in-migration for the past 15 years and this trend is expected to continue in 2006.

Industries. Utah's nonagricultural employment is expected to increase 3.6 percent in 2005. From September 2004 to September 2005, every industry experienced positive employment growth led by construction (11.4 percent) and natural resources and mining (11.1 percent). Construction supplanted professional and business services as the industry adding the most new jobs. Other industries experiencing strong growth in the past year were professional and business services (6.1 percent), information (5.4 percent), education and health services (3.6 percent), state government (3.1 percent), financial activities (2.7 percent), and trade, transportation and utilities (2.4 percent). The growth in construction jobs of 8,900 is strong and there are plenty of commercial projects active or anticipated in Utah to keep the construction industry vibrant over the next two years. Other industries that contributed significantly to job growth in the State were professional and business services (8,400); trade, transportation and utilities (5,400); education and health services (4,500); manufacturing (2,500); and leisure and hospitality (2,200). The addition of jobs in the professional and business services industry is of particular value to Utah. Not only are there higher wages associated with these jobs, but it also represents a recovery of many of the jobs lost during the early 2000's.

Outlook. Utah's economy is expected to continue its steady growth. However, increasing costs for goods and services, impacted by higher fuel prices, will likely moderate the growth rate in the near term. The State is positioned well for positive long-term economic growth due to its industrial diversity, population growth, and young and highly educated workforce.



MAJOR INITIATIVES

An improving state economy provided nearly \$400 million of increased income and sales tax revenues in fiscal year 2005. These additional funds were directed to priorities such as economic development, education, infrastructure, quality of life and governance.

Economic Development. The Governor has emphasized economic development to ensure Utah's continued success. With the passage of House Bill 318, *Community and Economic Development*, 2005 General Session, the State's economic development function was moved from the Department of Community and Economic Development to the newly created Governor's Office of Economic Development, which reports directly to the Governor's economic development policy advisor.

In an effort to attract more tourism to the State, the Legislature also passed Senate Bill 1002, *Funding for Tourism* in a 2005 special session. The bill provided \$14 million of one-time money in fiscal year 2006 for the advertising and marketing of Utah, both nationally and internationally. The bill also appropriated \$4 million in additional funds to be transferred, contingent on fiscal year 2005 surpluses, to the Tourism Marketing Performance Account. This account collects a percentage of tourism-generated tax revenue and provides a funding source for promoting tourism. This bill should increase tourism-related revenues over time and provide additional opportunities for industries that rely on tourism.

Furthermore, a primary initiative of the Governor is tax reform. House Bill 78, *Corporate Franchise and Income Tax Amendments*, passed in the 2005 General Session, allows corporations the option of using double-weighted sales in calculating their tax liability to the State. Although this is expected to result in short-term revenue reductions, Utah should see a significant long-term benefit as more corporations are attracted to the State by this tax advantage.

Education. The State provided \$75.7 million for fiscal year 2006 to increase salaries and benefits for teachers through a 4.5 percent increase in the Weighted Pupil Unit. The Legislature also appropriated an additional \$51.3 million to higher

education in fiscal year 2006. This included \$27.4 million as equivalent funding for salary and benefit increases and \$17.6 million for engineering, technology, nursing initiatives, increased fuel and power rate increases, and faculty retention.

Infrastructure. The State has developed a national reputation for strong fiscal management. In the 2005 General Session, the Legislature authorized only \$4.5 million in new general obligation bonds, placed almost \$38 million of ongoing funds in the Capital Developments base budget, and used one-time dollars to fund the remaining capital development projects for fiscal year 2006. This was a significant step toward returning to a “Pay as You Go” (PAYGo) plan in which the State’s debt burden is controlled by funding as many capital projects as possible with cash. Projects funded with cash in fiscal year 2005 included the State Capitol restoration and the University of Utah Marriott Library.

In the past decade, highway funding has not kept pace with the increased number of individuals traveling on Utah’s roads. Therefore, funding for transportation was a major priority of the 2005 General Session. For fiscal year 2006, the Centennial Highway Fund received an increase in funding of \$90 million, plus an additional \$30 million of one-time money. In addition, the Legislature created the Transportation Investment Fund. Beginning in fiscal year 2006, this fund will receive a portion of sales and use tax revenue to pay the cost of maintenance, reconstruction, and renovation of specific state and federal highways.

Quality of Life and Governance. The rising cost of health care continues to pose a challenge to the citizens of Utah, including the State’s Medicaid recipients. For fiscal year 2005, the Legislature increased General Fund appropriations for Medicaid by \$60.3 million, or 26.6 percent, over fiscal year 2004. This included \$18.6 million to cover caseload growth; \$6.8 million for increases in pharmacy, hospital, and other provider rates; and approximately \$37 million to replace one-time federal and restricted funds received in fiscal year 2004. In addition, the Governor was successful in restoring \$5 million in adult vision and dental services within the Medicaid program for fiscal year 2006. This funding will allow thousands of citizens, who would otherwise be unable to afford these services, to address critical dental problems and receive eyeglasses.

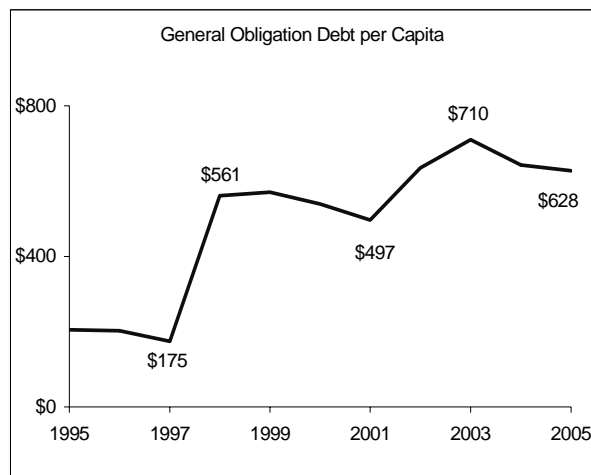
As a result of the rising health care costs and the significant impact these costs have on the State’s postemployment benefit obligation for current and future state retirees, the 2005 Legislature passed House Bill 213, *Unused Sick Leave at Retirement Amendments*. This bill phases out the maximum five year state-paid health and life insurance benefits available to state employees under age 65 at retirement. In addition, it changes how unused accumulated sick leave, earned after December 31, 2005, can be used upon retirement for acquiring health care benefits. See Notes 2 and 17 for additional information on postemployment benefits.

Finally, House Bill 109, *Information Technology Governance Amendments*, created the new Department of Technology Services to consolidate services and resources under a single department. As the Department is phased-in during fiscal year 2006 and begins operations in fiscal year 2007, efficiencies are expected to be realized as the State takes advantage of pooled expertise, cross training of staff, and elimination of duplicative systems and technology.

FINANCIAL INFORMATION

Cash Management. As further explained in Notes 1, 3, and 4 to the Basic Financial Statements, cash is controlled by the State Treasurer or by other administrative bodies as specified by law, and investments are made in compliance with the State Money Management Act (*Utah Code*, Title 51 Chapter 7). All cash deposited with the State Treasurer by state entities is managed in pooled investment funds to safeguard assets and to maximize interest earnings. The Treasurer invests the cash, including the cash float, in short-term securities and other investments such as certificates of deposit, obligations of the U.S. Treasury, commercial paper, and repurchase agreements. Certain investment pools may invest in corporate bonds and equity securities.

Debt Administration. The State’s general obligation bonded debt jumped significantly in 1998 due to issuing bonds for highway construction, mostly for rebuilding I-15 in Salt Lake County. Total general obligation debt remained fairly stable from 1999 through 2001. In fiscal years 2002 through 2003, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing more bonds for highway and building projects that otherwise would have been funded from current revenues. During fiscal



year 2005, the State issued \$140.6 million of general obligation bonds for highway and capital facilities construction. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.

Risk Management. The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state departments, institutions of higher education, and local school districts. The property self-insurance limits for fiscal year 2005 were \$1 million per claim, with an annual aggregate of \$2.5 million per policy year. Generally, claims over the self-insured limits are covered by policies with private insurance companies.

Pension Plans. The Utah Retirement Systems (URS) defined benefit pension systems' combined total net assets increased by \$1.8 billion, or 12.9 percent during calendar year 2004. The increase was primarily due to the increase in equity markets and increasing retirement contributions. However, even with the increase in total net assets, the average funded ratio of all systems decreased from 94.7 percent at the beginning of 2004 to 92.5 percent at December 31, 2004, due to increases in the actuarially determined pension obligations. Operations of the pension systems continue to be managed based on sound actuarial funding principles, thus protecting participants' future benefits. Although increases in required contribution rates are expected in the near term, the pension systems are poised for the opportunities and growth an improving national economy will bring.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the twentieth consecutive year the State has achieved this prestigious award.

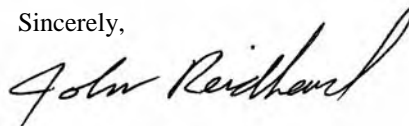
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

CONCLUSION

We hope this report provides data useful in evaluating the financial activity of the State of Utah. We express our appreciation to the budget and accounting officers throughout state government and to the Utah State Auditor's Office for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,



John C. Reidhead, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



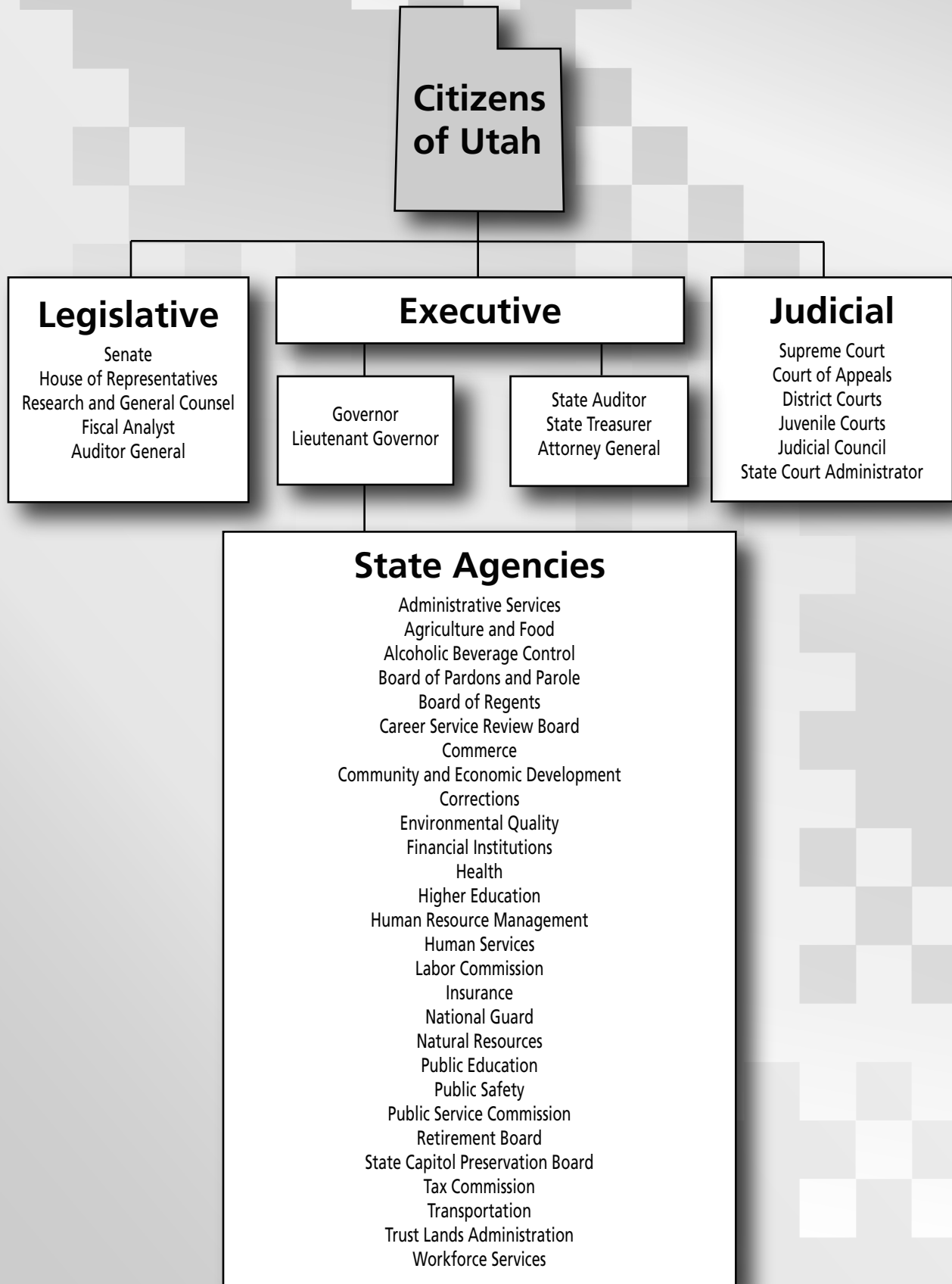
Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

State of Utah Organization Chart



FINANCIAL SECTION



Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

UTAH STATE CAPITOL COMPLEX
EAST OFFICE BUILDING, SUITE E310
P.O. BOX 142310
SALT LAKE CITY, UTAH 84114-2310
(801) 538-1025
FAX (801) 538-1383

DEPUTY STATE AUDITOR:
Joe Christensen, CPA

FINANCIAL AUDIT DIRECTORS:
H. Dean Eborn, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Jon M. Huntsman, Jr.
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2005, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation; Utah Public Employees Group Insurance; the University of Utah's hospital and component units; Utah State University; portions of the Utah College of Applied Technology; the Dairy Commission; and the Utah State Retirement Office, which represent 50 percent of the assets and 49 percent of the revenues of the aggregate discretely presented component units and 77 percent of the assets and 1 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 28, 2005, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis on pages 14 through 23 and the required supplementary information on pages 106 through 113 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, the supplementary information – combining statements and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 118 through 177 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section on pages 1 through 10 and the statistical section on pages 180 through 198 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Auston G. Johnson".

Auston G. Johnson, CPA
Utah State Auditor
October 28, 2005

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- The State's net assets increased \$1.012 billion or 9.1 percent over the prior year. Net assets of governmental activities increased \$818.1 million or 8.5 percent due to an improving economy and active resource management. Net assets of business-type activities also grew significantly, increasing by \$194.1 million or 12.5 percent, primarily due to revenues from employers' unemployment premiums exceeding benefit payments for the first time in several years.

Fund Level

- Combined tax revenues were 10.3 percent higher in the General Fund and 15.2 percent higher in the Uniform School Fund than the prior year as Utah's economy showed continued signs of improvement. The State's economic slowdown in 2002 and 2003 and subsequent improvement in fiscal years 2004 and 2005 is similar to the trend of the national economy.
- The General Fund and Uniform School Fund ended the fiscal year with "surplus" from unreserved and undesignated sources of \$63.8 million and \$108.1 million, respectively. By law, half of the General Fund surplus, or \$31.9 million, was transferred to the Budget Reserve Account ("Rainy Day Fund"). Twenty-five percent of the Uniform School Fund surplus, or \$27.0 million was transferred to the Education Budget Reserve Account.

Long-term Debt

- The State's long-term bonded debt increased a net \$125.6 million or 3.7 percent. The increased debt was issued to fund highway and capital facility construction, to advance refund bonds, and to fund student loan programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Statements – Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 27 together comprise the *government-wide financial statements*. These statements provide a broad overview with a long-term focus of the State's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

Governmental Activities – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

Business-type Activities – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

Component Units – Several entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

Fund Financial Statements – Reporting the State's Most Significant Funds

The fund financial statements beginning on page 32 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

Governmental Funds – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year end that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector businesses. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water project loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities*. Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

Fiduciary Funds – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules on pages 34 and 38 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes beginning on page 56 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. RSI further supports the information in the basic financial statements.

Supplementary Information

Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary and fiduciary funds and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriation Acts*.

Adjustments to Beginning Net Assets

As described in Note 2 of the financial statements on page 63, beginning net assets of governmental activities were adjusted as noted in the schedule on the following page. To enhance comparability, all amounts presented for fiscal year 2004 in this discussion and analysis were revised, where applicable, to reflect these changes, as if the changes had been made in the prior year.

Adjustments to Beginning Net Assets <i>(in millions)</i>	Governmental Activities	Business-type Activities
Net increase in capital assets	\$ 12.7	\$ —
Reclassification from governmental activities to a discrete component unit ...	(11.4)	—
Elimination of certain federal receivables	(98.9)	—
Elimination of postemployment liability	240.5	—
Recognition of a liability with the U.S. Environmental Protection Agency.....	(8.0)	—
Change in amortization methods	—	2.5
Total adjustments to beginning net assets.....	\$ 134.9	\$ 2.5

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets

The State's total net assets increased \$1.012 billion or 9.1 percent in fiscal year 2005. In comparison, net assets in the prior year increased \$530.7 million or 5.1 percent. This increase in net assets resulted from an improving economy and the active management of state resources. Approximately \$259.1 million of the increase was in net capital assets as the State's investment in highways and buildings exceeded depreciation and net additional debt to finance projects. Total restricted net assets increased \$402.2 million or 19.7 percent over the prior year. The \$281.3 million increase in restricted net assets of governmental activities resulted primarily from an increase of \$283.9 million in tax revenues for public education offset by a \$135.9 million increase in public education expenses. In addition, there was an increase in net earnings of \$102.1 million in the permanent Trust Lands Fund. Restricted net assets increased in business-type activities primarily due to unemployment compensation revenues exceeding related claims by \$100.6 million. The increase of \$282.0 million in unrestricted net assets of governmental activities was primarily due to increases in unrestricted carry-forward balances in the General Fund and other governmental funds of \$165.5 million and \$66.0 million, respectively. The increase in unrestricted net assets of business-type activities was the result of normal operations and is primarily due to the State adding additional capital to loan funds from sales taxes and mineral lease revenues. Net assets of business-type activities generally can be used only to finance the business-type activities' ongoing operations.

State of Utah Net Assets as of June 30 *(Expressed in Thousands)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 3,358,120	\$ 2,847,758	\$ 3,375,986	\$ 3,024,147	\$ 6,734,106	\$ 5,871,905
Capital Assets	9,860,641	9,524,473	62,154	57,726	9,922,795	9,582,199
Total Assets	13,218,761	12,372,231	3,438,140	3,081,873	16,656,901	15,454,104
Current and Other Liabilities ...	699,180	645,685	39,972	37,300	739,152	682,985
Long-term Liabilities	2,113,602	2,138,648	1,648,535	1,489,054	3,762,137	3,627,702
Total Liabilities	2,812,782	2,784,333	1,688,507	1,526,354	4,501,289	4,310,687
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	8,197,279	7,942,495	28,419	24,141	8,225,698	7,966,636
Restricted	1,518,523	1,237,258	928,115	807,224	2,446,638	2,044,482
Unrestricted	690,177	408,145	793,099	724,154	1,483,276	1,132,299
Total Net Assets	\$ 10,405,979	\$ 9,587,898	\$ 1,749,633	\$ 1,555,519	\$ 12,155,612	\$ 11,143,417
Percent change in total net assets from prior year	8.5 %		12.5 %		9.1 %	

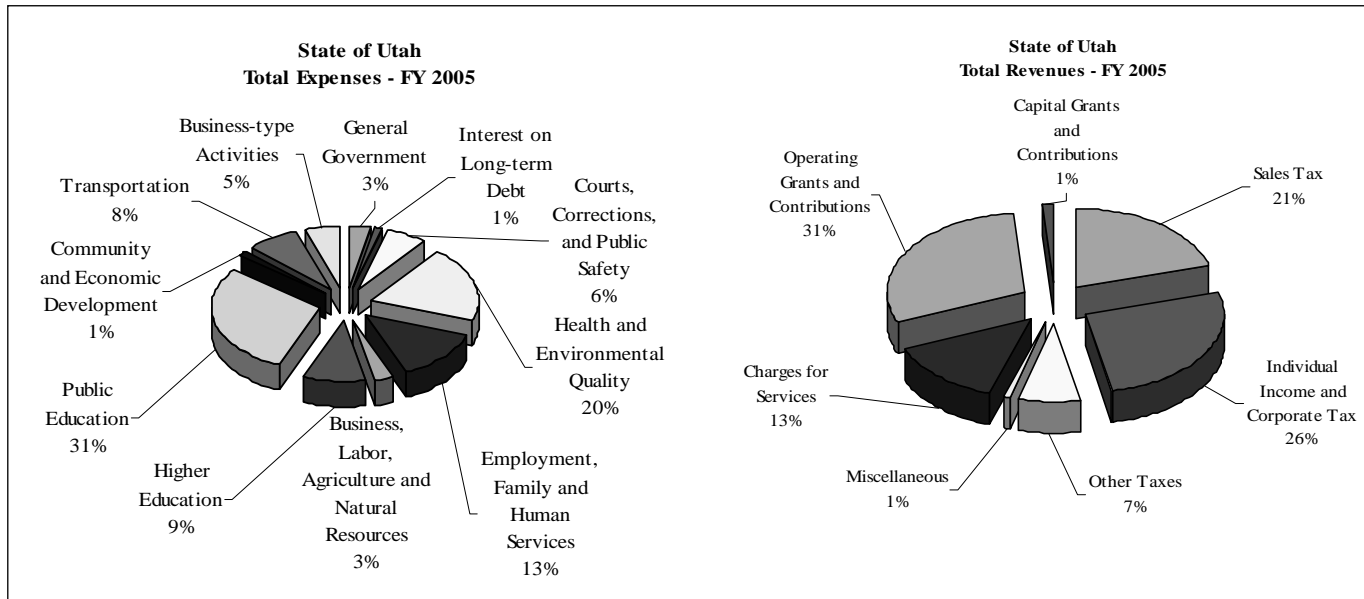
The largest component of the State's net assets, 67.7 percent, reflects investments in capital assets (e.g., land, buildings, equipment, roads, and other infrastructure) less the outstanding debt issued to finance those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 20.1 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can be used only for public and higher education costs and for motor fuel taxes that can be used only for transportation expenses.

The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources further limit the purposes for which many of those net assets may be used.

The schedule below and the charts on the following page summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2005.

State of Utah Changes in Net Assets for the Fiscal Year Ended June 30 <i>(Expressed in Thousands)</i>							
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2005	2004	2005	2004	2005	2004	2004 to 2005
Revenues							
General Revenues:							
Taxes	\$ 4,519,789	\$ 4,041,389	\$ 14,874	\$ 14,402	\$ 4,534,663	\$ 4,055,791	11.8 %
Other General Revenues	65,481	88,977	4,070	2,089	69,551	91,066	(23.6)
Program Revenues:							
Charges for Services	615,844	544,936	507,583	416,828	1,123,427	961,764	16.8
Operating Grants and Contributions	2,436,116	2,347,065	65,173	92,141	2,501,289	2,439,206	2.5
Capital Grants and Contributions	124,836	105,149	—	—	124,836	105,149	18.7
Total Revenues	7,762,066	7,127,516	591,700	525,460	8,353,766	7,652,976	9.2
Expenses							
General Government	240,091	187,544	—	—	240,091	187,544	28.0
Human Services and Youth Corrections	573,154	576,276	—	—	573,154	576,276	(0.5)
Corrections, Adult	195,716	197,043	—	—	195,716	197,043	(0.7)
Public Safety	162,922	150,772	—	—	162,922	150,772	8.1
Courts	98,319	97,894	—	—	98,319	97,894	0.4
Health and Environmental Quality	1,461,016	1,341,059	—	—	1,461,016	1,341,059	8.9
Higher Education	694,732	781,468	—	—	694,732	781,468	(11.1)
Employment and Family Services	409,334	384,457	—	—	409,334	384,457	6.5
Natural Resources	121,714	119,188	—	—	121,714	119,188	2.1
Community and Economic Development	86,065	88,339	—	—	86,065	88,339	(2.6)
Business, Labor, and Agriculture	84,992	72,693	—	—	84,992	72,693	16.9
Public Education	2,169,071	2,033,153	—	—	2,169,071	2,033,153	6.7
Transportation	579,914	538,525	—	—	579,914	538,525	7.7
Interest on Long-term Debt	76,382	75,935	—	—	76,382	75,935	0.6
Student Assistance Programs	—	—	95,495	82,406	95,495	82,406	15.9
Unemployment Compensation	—	—	142,632	242,828	142,632	242,828	(41.3)
Water Loan Programs	—	—	8,648	6,730	8,648	6,730	28.5
Other Business-type Activities	—	—	141,374	131,164	141,374	131,164	7.8
Total Expenses	6,953,422	6,644,346	388,149	463,128	7,341,571	7,107,474	3.3
Excess Before Transfers	808,644	483,170	203,551	62,332	1,012,195	545,502	
Transfers	9,437	13,408	(9,437)	(13,408)	—	—	
Change in Net Assets	818,081	496,578	194,114	48,924	1,012,195	545,502	
Net Assets – Beginning as Adjusted	9,587,898	9,091,320	1,555,519	1,506,595	11,143,417	10,597,915	
Net Assets – Ending	\$ 10,405,979	\$ 9,587,898	\$ 1,749,633	\$ 1,555,519	\$ 12,155,612	\$ 11,143,417	9.1 %



Changes in Net Assets

This year the State received 54.3 percent of its revenues from state taxes and 31.4 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 52.9 percent and grants and contributions were 33.2 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, state parks, and court fees, combined with other miscellaneous collections, comprised 14.3 percent of total revenues in fiscal year 2005, compared with 13.9 percent in fiscal year 2004.

Governmental Activities

The State's total governmental revenues from all sources increased \$634.6 million or 8.9 percent. Tax revenues increased \$478.4 million or 11.8 percent. This increase in taxes reflects a continued improvement in economic conditions and is similar to the increase at the fund level. However, due to differences in measurement focus, timing of collections, and lack of historical accrued tax information, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of higher education and general government expenses, other significant changes in governmental activities' revenues and expenses mirror the changes in the General Fund at the fund level. For further discussion of these changes, see the section entitled "General Fund" on page 20. For fiscal year 2005, higher education expenses decreased by \$115.2 million compared to the prior year, as the rate of completion of higher education building projects returned to levels prior to 2004. The increase in general government expenses of \$52.5 million was primarily due to more non-capital outlay spending than in the prior year.

The table on the following page shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2005, state taxes and other general revenues covered 54.3 percent of expenses. The remaining \$3.78 billion or 45.7 percent of the total expenses were generated through charges for services and grants.

State of Utah
Net Cost of Governmental Activities
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
	2005	2005	2005	2004	2005	2004
General Government	\$ 240,091	\$ (211,114)	\$ 28,977	\$ (3,556)	87.9 %	101.9 %
Human Services and Youth Corrections	573,154	(295,389)	277,765	294,438	51.5	49.3
Corrections, Adult	195,716	(2,954)	192,762	191,740	1.5	4.0
Public Safety	162,922	(97,840)	65,082	61,225	60.1	59.7
Courts	98,319	(47,120)	51,199	65,939	47.9	33.7
Health and Environmental Quality	1,461,016	(1,143,308)	317,708	260,628	78.3	80.6
Higher Education	694,732	(1,626)	693,106	780,429	0.2	0.1
Employment and Family Services	409,334	(360,374)	48,960	42,736	88.0	89.0
Natural Resources	121,714	(75,072)	46,642	41,738	61.7	65.6
Community and Economic Development	86,065	(43,473)	42,592	46,465	50.5	47.3
Business, Labor, and Agriculture	84,992	(68,338)	16,654	8,798	80.4	87.9
Public Education	2,169,071	(446,394)	1,722,677	1,630,847	20.6	20.0
Transportation	579,914	(383,794)	196,120	164,305	66.2	69.7
Interest on Long-term Debt	76,382	—	76,382	75,935		
Total Governmental Activities	\$ 6,953,422	\$ (3,176,796)	\$ 3,776,626	\$ 3,661,667	45.7 %	45.1 %

Business-type Activities

Revenues from the State's business-type activities increased \$66.2 million or 12.6 percent from the prior year. This increase is largely due to an increase in collections in the Unemployment Compensation Fund of \$32.8 million as higher claims in recent years resulted in increased employer taxes of \$62.8 million, offset by lower federal reimbursements. Because Utah's employment situation improved over the prior year, unemployment benefit claims expenses dropped \$100.2 million or 41.3 percent. This decrease was the primary reason for the overall decrease in business-type activities' expenditures of \$75.3 million.

All of the State's business-type activities operate from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales taxes and the Community Impact Loan Fund that receives federal mineral lease revenues to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales taxes in the water and agriculture loan programs.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2005, the State's governmental funds reported combined ending fund balances of \$2.375 billion. Of this amount, \$1.311 billion or 55.2 percent is reserved for specific programs by state law, by external constraints, or by contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional \$682 million or 28.7 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 94 provides more details about reserved and designated fund balances at June 30, 2005. The remaining \$382 million or 16.1 percent of fund balance is available for appropriation for the general purposes of the funds.

State of Utah
Governmental Fund Balances as of June 30, 2004
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved	\$ 262,360	\$ 62,834	\$ 46,488	\$ —	\$ 594,251	\$ 344,573	\$ 1,310,506
Unreserved Designated	366,992	262,614	45,560	635	—	5,950	681,751
Unreserved Undesignated	24,627	81,046	114,001	183,815	—	(21,121)	382,368
Total	\$ 653,979	\$ 406,494	\$ 206,049	\$ 184,450	\$ 594,251	\$ 329,402	\$ 2,374,625
Percent change from prior year ..	34.6 %	29.9 %	(8.9)%	(15.2)%	20.7 %	51.8 %	21.7 %

General Fund

During fiscal year 2005, the General Fund's total fund balance increased \$168.0 million or 34.6 percent. This increase was due in large part to sales tax revenues coming in \$44.5 million greater than budgeted and to \$74.6 million being set aside in the budget and designated by the Legislature for fiscal year 2006 appropriations. In contrast, in the prior year, the Legislature designated only \$53.0 million for the next year's appropriations. The General Fund ended fiscal year 2005 with a "surplus" from unreserved and undesignated sources of \$63.8 million. However, half, or \$31.9 million, was transferred by law to the Budget Reserve Account ("Rainy Day Fund") and included in designated fund balance, and an additional \$7.3 million was carried forward by law for other purposes as designated for specific appropriation in 2006. As a result, the General Fund ended the year with \$24.6 million in unreserved/undesignated fund balance. Miscellaneous changes resulting from other designated and reserved sources account for the remaining change in fund balance. The Budget Reserve Account ended fiscal year 2005 with a balance of \$105.6 million.

Total General Fund revenues increased \$276.0 million or 7.1 percent from the prior year. Total tax collections increased \$177.8 million or 10.3 percent. The major positive changes in tax revenues were in sales tax, which increased \$143.3 million or 9.4 percent as Utah's economy continues to improve; and in oil, gas, and mining severance tax, which increased \$22.2 million or 52.1 percent. The tax revenue that saw the greatest decrease was inheritance tax, which decreased \$7.2 million or 69.6 percent from the prior year. Federal funding was the largest single factor in increasing non-tax revenues for the fiscal year, as federal mineral lease revenues increased \$15.5 million or 23.0 percent, driven by higher oil prices; and federal contracts and grants climbed \$35.0 million or 2.0 percent from the prior year, driven by demand for services and higher costs.

Total General Fund expenditures increased by \$241.4 million or 6.4 percent. This fiscal year's increase in expenditures is evidence of a continued high demand for government services. The following areas were impacted most:

- *Health and Environmental Quality* – Total expenditures in this category jumped \$116.0 million, primarily due to increased Medicaid program costs resulting from increased caseloads and pharmaceutical costs.
- *Higher Education* – Total expenditures in this category were up \$36.7 million, primarily due to additional state appropriations of new state funds for employee health, dental and retirement rate increases; salary increases; and enrollment growth.
- *Human Services and Youth Corrections* – Total expenditures in this category increased \$24.4 million or 4.4 percent, largely due to increased funding for services for people with disabilities and for child and family services.

Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2005 budget during the 2004 General Session. The original General Fund budget at the start of fiscal year 2005, excluding department-specific revenue sources such as federal grants, departmental collections, and including miscellaneous transfers, was 5.1 percent higher than the final fiscal year 2004 budget. The Legislature also had to address critical and mandated program increases, such as providing the State's matching share of projected increases in caseloads and pharmacy inflation for the Medicaid program. Other increases included funding increased health, dental, and retirement rates for employees.

The budget was again addressed during the 2005 General Session of the Legislature (January to March 2005). General revenue estimates had increased \$100.5 million over those adopted in the 2004 General Session primarily due to increased revenue estimates of sales and use tax. Increased revenue estimates and other additional miscellaneous revenue sources allowed the Legislature to designate \$74.6 million of expected excess revenue for fiscal year 2006 appropriations.

Final budgets of department-specific revenue sources increased over original budgets mostly due to an increase in federal mineral lease revenues and miscellaneous revenues due to intrafund transactions. Increased federal funds and corresponding expenditures resulted in the majority of the increase between original and final expenditure budgets. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, \$1.1 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Uniform School Fund

The Uniform School Fund's fund balance increased \$92.6 million or 29.5 percent from the prior year. Corporate tax receipts increased \$43.4 million or 26.2 percent compared to the prior year, individual income tax receipts increased \$239.8 million or 14.1 percent, and federal funding increased by \$33.3 million or 10.7 percent. Expenditures for public education increased by \$130.9 million or 6.4 percent, as the Legislature increased the budget for enrollment growth and provided for increased costs related to benefits for educators and staff. In addition, the Legislature transferred out approximately \$166.1 million more than in the prior year, primarily for higher education programs. The Uniform School Fund ended the year with a "surplus" from unreserved and undesignated sources of \$108.1 million. Of that amount, \$27.0 million or 25.0 percent was transferred by law to the Education

Budget Reserve Account, resulting in a final unreserved and undesignated fund balance of \$81.0 million. Established by the Legislature in 2003, the Education Budget Reserve ended fiscal year 2005 with a balance of \$40.5 million.

Transportation Fund

Fund balance in the Transportation Fund decreased \$20.0 million or 8.9 percent from the prior year. Motor and special fuels tax revenue increased by \$8.6 million or 2.6 percent. Federal aeronautics revenue increased \$8.6 million or 33.3 percent largely due to completed work on local government airport projects.

Total expenditures increased \$65.7 million or 10.7 percent, primarily in construction expenditures. Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or weather. Also, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Centennial Highway Fund.

Centennial Highway Fund

Fund balances in the Centennial Highway Fund decreased by \$33.0 million or 15.2 percent from the prior year. Revenues in the fund increased \$11.5 million or 18.6 percent, mostly due to federal revenues on applicable federal participating highway projects coming in \$9.9 million or 28.8 percent higher than in the previous year. Expenditures in the fund decreased by \$44.7 million or 22.6 percent, primarily due to fewer bond proceeds being spent on highway projects in fiscal year 2005 than in the prior year.

Trust Lands Fund

The fund balance of the permanent Trust Lands Fund increased by \$102.1 million or 20.7 percent due to revenues generated from land use, sales of trust lands, and investment income. The permanent fund also generated \$13.9 million of cash investment earnings for the Uniform School Fund that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity with earnings restricted primarily to support public education.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS**Student Assistance Programs**

The Student Assistance Programs finished the year with an increase of \$23.9 million or 10.8 percent in net assets. Rising tuition and other student costs, along with rising enrollments at the State's colleges and universities, created more demand for student loans than in prior years. As a result, loans receivable increased \$198.2 million or 15.8 percent over last year. Of total net assets of \$245.0 million, \$160.7 million is restricted for use within the Student Assistance Programs by bond covenants or by federal law.

Unemployment Compensation Fund

The State's unemployment rate has decreased compared to the rate one year ago. The improving employment situation resulted in a \$100.2 million or 41.3 percent decrease in benefit payments from the prior year. This was the first time since fiscal year 2000 that employer taxes and other revenues exceeded benefit payments. Assets were sufficient to handle the demand for benefits, and net assets increased \$100.6 million or 24.4 percent, to \$512.3 million. The entire balance of net assets in this fund is restricted for paying unemployment benefits by state and federal law.

Water Loan Programs

The net assets of the Water Loan Programs increased \$24.2 million or 4.5 percent from the prior year. Additional capital for loans was provided from \$14.3 million in dedicated sales tax revenues and \$7.5 million in federal grants, in addition to net operating revenues in the fund. Loans receivable for the programs increased \$33.0 million or 7.5 percent over the prior year. Of total net assets of \$563.7 million, \$218.0 million is restricted for use within the Water Loan Programs by bond covenants or by federal grant requirements.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION**Capital Assets**

The State's capital assets increased a net \$340.6 million during the year. The change consisted of net increases in infrastructure (highways) of \$284.0 million; land and related assets of \$27.4 million; and buildings, improvements, and construction in progress of \$35.7 million. Machinery and equipment decreased a net \$6.5 million during the year. Many buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is

reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2005, the State had \$109.4 million of outstanding debt related to capital assets of component units.

At June 30, 2005, the State had \$283.7 million in commitments for building projects in its capital projects funds, and \$631.9 million (\$418.4 million in the Centennial Highway Fund and \$213.5 million in the Transportation Fund) in commitments for highway construction and improvement projects. Funding for the commitments will come from existing resources in these funds and from future bond proceeds and appropriations.

The State has adopted an allowable alternative to reporting depreciation for roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2004, indicated that 74.7 percent of the roads were in "fair" or better condition. Only 6.2 percent of the roads assessed were in "very poor" condition. These results are similar to calendar year 2003, when 74.8 percent of the roads were assessed as "fair" or better, and 6.4 percent assessed were in "very poor" condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2005, indicated that 71.0 percent and 3.0 percent of bridges were in "good" and "poor" condition, respectively. These results reflect a slight improvement over the prior year.

During fiscal year 2005, the State spent \$362.2 million to maintain and preserve roads and bridges. This amount is 36.0 percent above the estimated amount of \$266.3 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 81, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 112.

Long-term Debt

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the fair market value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 45 percent of the appropriations limit. As of June 30, 2005, the State was \$249.8 million below the statutory debt limit and \$1.196 billion below the debt limit established in the *Constitution*. Revenue bonds are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

State of Utah Net Outstanding Bonded Debt as of June 30 (Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2005	2004	2005	2004	2005	2004	2004 to 2005
General Obligation Bonds	\$ 1,587.8	\$ 1,588.8	\$ —	\$ —	\$ 1,587.8	\$ 1,588.8	(0.1)%
Revenue Bonds:							
State Building Ownership Auth. .	311.6	338.9	31.2	23.5	342.8	362.4	(5.4)
Student Assistance Programs	—	—	1,544.8	1,397.5	1,544.8	1,397.5	10.5
Water Loan Programs	—	—	—	1.1	—	1.1	(100.0)
Total Bonds Payable	\$ 1,899.4	\$ 1,927.7	\$ 1,576.0	\$ 1,422.1	\$ 3,475.4	\$ 3,349.8	3.7 %

The State issued \$140.6 million of general obligation bonds during the fiscal year. Of the general obligation bonds issued, \$93.6 million was for highway construction and \$47 million was for capital facility construction. In addition, the State issued a total of \$205.8 million of revenue bonds. Of the revenue bonds issued, \$54.7 million was to provide for capital facility construction and to advance refund portions of prior revenue bonds to take advantage of lower interest rates, and \$151.1 was to provide capital for purchasing student loans in the Student Assistance programs.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds, the highest possible rating, and double-A rating on State Building Ownership Authority lease revenue bonds from all three national rating agencies. These ratings save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 85 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Tax revenues are expected to continue to increase in fiscal year 2006. Consequently, original general revenue estimates for the General Fund and Uniform School Fund for fiscal year 2006 were almost identical, in total, to actual revenues for fiscal year 2005. The Legislature balanced the 2006 budget mostly by using anticipated 2005 carryover funds of \$117.7 million and utilizing other miscellaneous sources. The Legislature provided increased funding for Medicaid, roads and highways, public and higher education, and increased benefit costs for State employees. The State also provided a 2.5 percent cost-of-living adjustment to all state employees as well as an additional 2.75 percent or 5.5 percent compensation for market comparability adjustments for approximately 14,000 state employees.

Revenue collections to date in fiscal year 2006 are in line with original estimates.

Utah's economy is expected to remain stable in the near future. The average unemployment rate is expected to decline in 2005 to 4.7 percent, down from the average 2004 rate of 5.2 percent. Taxable retail sales are expected to increase 7.6 percent by the end of 2005, and growth in personal income is expected to be 7.3 percent for the same period. Because these indicators are measured on a calendar-year basis, the impact on the State budget will not be fully realized until well into fiscal year 2006.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Division of Finance, Financial Reporting Section at (801) 538-3082 or visit our Web site at: www.finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements that include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Utah State Auditor's Office, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114.

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BASIC FINANCIAL STATEMENTS

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State of Utah**Statement of Net Assets**

June 30, 2005

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 997,993	\$ 752,333	\$ 1,750,326	\$ 1,168,714
Investments	1,103,883	188,335	1,292,218	804,640
Taxes Receivable, net	693,516	—	693,516	—
Accounts and Interest Receivable, net	485,638	127,762	613,400	318,588
Amounts Due From:				
Component Units	24,676	—	24,676	—
Prepaid Items	2,252	2,490	4,742	17,602
Inventories	15,396	19,604	35,000	40,258
Internal Balances	6,651	(6,651)	—	—
Restricted Investments	—	88,725	88,725	546,715
Deferred Charges	4,480	22,089	26,569	35,004
Notes/Loans/Mortgages/Pledges Receivable, net	18,065	2,181,299	2,199,364	1,004,763
Other Assets	5,570	—	5,570	12,597
Capital Assets:				
Land and Related Non-depreciable Assets	743,977	22,314	766,291	124,838
Infrastructure	7,545,349	—	7,545,349	—
Construction in Progress	594,099	479	594,578	137,483
Buildings, Equipment, and Other Depreciable Assets	1,658,178	57,919	1,716,097	3,656,024
Less Accumulated Depreciation	(680,962)	(18,558)	(699,520)	(1,628,584)
Total Capital Assets	9,860,641	62,154	9,922,795	2,289,761
Total Assets	13,218,761	3,438,140	16,656,901	6,238,642
LIABILITIES				
Accounts Payable and Accrued Liabilities	603,948	30,249	634,197	236,019
Amounts Due to:				
Primary Government	—	—	—	24,676
Securities Lending	—	—	—	42,345
Unearned Revenue	95,232	9,601	104,833	71,776
Deposits	—	122	122	90,965
Long-term Liabilities (Note 10)				
Due Within One Year	231,137	151,923	383,060	238,860
Due in More Than One Year	1,882,465	1,496,612	3,379,077	1,832,193
Total Liabilities	2,812,782	1,688,507	4,501,289	2,536,834
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	8,197,279	28,419	8,225,698	1,782,291
Restricted for:				
Transportation	280,496	—	280,496	—
Public Education – Expendable	554,234	—	554,234	—
Public Education – Nonexpendable	594,251	—	594,251	—
Higher Education – Expendable	—	—	—	557,547
Higher Education – Nonexpendable	—	—	—	413,754
Debt Service	5,331	10	5,341	167,813
Unemployment Compensation and Insurance Programs ..	4,814	512,260	517,074	70,838
Loan Programs	2,478	415,845	418,323	—
Other Purposes – Expendable	76,919	—	76,919	41
Unrestricted	690,177	793,099	1,483,276	709,524
Total Net Assets	\$ 10,405,979	\$ 1,749,633	\$ 12,155,612	\$ 3,701,808

The Notes to the Financial Statements are an integral part of this statement.

State of Utah**Statement of Activities**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 240,091	\$ 99,303	\$ 111,811	\$ —
Human Services and Youth Corrections	573,154	13,193	282,196	—
Corrections, Adult	195,716	2,138	816	—
Public Safety	162,922	31,594	66,246	—
Courts	98,319	46,468	652	—
Health and Environmental Quality	1,461,016	108,406	1,034,902	—
Higher Education	694,732	282	1,344	—
Employment and Family Services	409,334	6,414	353,960	—
Natural Resources	121,714	44,842	30,230	—
Community and Economic Development	86,065	4,420	39,053	—
Business, Labor, and Agriculture	84,992	61,637	6,701	—
Public Education	2,169,071	59,213	387,181	—
Transportation	579,914	137,934	121,024	124,836
Interest and Other Charges on Long-term Debt	76,382	—	—	—
Total Governmental Activities	6,953,422	615,844	2,436,116	124,836
Business-type:				
Student Assistance Programs	95,495	87,375	29,520	—
Unemployment Compensation	142,632	221,298	24,044	—
Water Loan Programs	8,648	9,796	8,616	—
Other Business-type Activities	141,374	189,114	2,993	—
Total Business-type Activities	388,149	507,583	65,173	0
Total Primary Government	\$ 7,341,571	\$ 1,123,427	\$ 2,501,289	\$ 124,836
Component Units:				
Utah Housing Corporation	\$ 71,223	\$ 78,121	\$ —	\$ —
Public Employees Health Program	483,552	479,887	5,578	—
University of Utah	1,826,662	1,345,757	375,554	33,444
Utah State University	416,469	110,663	166,244	5,022
Nonmajor Colleges and Universities	672,450	266,975	144,630	53,218
Nonmajor Component Units	53,138	22,733	1,250	—
Total Component Units	\$ 3,523,494	\$ 2,304,136	\$ 693,256	\$ 91,684
General Revenues:				
Taxes:				
Sales and Use Tax				
Individual Income Tax Imposed for Education				
Corporate Tax Imposed for Education				
Motor and Special Fuel Taxes Imposed for Transportation				
Other Taxes				
Total Taxes				
Unrestricted Investment Income				
State Funding for Colleges and Universities				
State Funding for Other Component Units				
Gain on Sale of Capital Assets				
Miscellaneous				
Permanent Endowments Contributions				
Transfers—Internal Activities				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets—Beginning				
Adjustments to Beginning Net Assets				
Net Assets—Beginning as Adjusted				
Net Assets—Ending				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (28,977)	\$ —	\$ (28,977)	\$ —
(277,765)	—	(277,765)	—
(192,762)	—	(192,762)	—
(65,082)	—	(65,082)	—
(51,199)	—	(51,199)	—
(317,708)	—	(317,708)	—
(693,106)	—	(693,106)	—
(48,960)	—	(48,960)	—
(46,642)	—	(46,642)	—
(42,592)	—	(42,592)	—
(16,654)	—	(16,654)	—
(1,722,677)	—	(1,722,677)	—
(196,120)	—	(196,120)	—
(76,382)	—	(76,382)	—
<u>(3,776,626)</u>	<u>0</u>	<u>(3,776,626)</u>	<u>0</u>
—	21,400	21,400	—
—	102,710	102,710	—
—	9,764	9,764	—
—	50,733	50,733	—
<u>0</u>	<u>184,607</u>	<u>184,607</u>	<u>0</u>
<u>(3,776,626)</u>	<u>184,607</u>	<u>(3,592,019)</u>	<u>0</u>
—	—	—	6,898
—	—	—	1,913
—	—	—	(71,907)
—	—	—	(134,540)
—	—	—	(207,627)
—	—	—	(29,155)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(434,418)</u>
1,697,720	14,874	1,712,594	—
2,001,286	—	2,001,286	—
209,403	—	209,403	—
335,625	—	335,625	—
275,755	—	275,755	—
<u>4,519,789</u>	<u>14,874</u>	<u>4,534,663</u>	<u>0</u>
17,690	3,844	21,534	1,061
—	—	—	640,401
—	—	—	36,164
23,010	—	23,010	—
24,781	226	25,007	—
—	—	—	17,386
9,437	(9,437)	—	—
<u>4,594,707</u>	<u>9,507</u>	<u>4,604,214</u>	<u>695,012</u>
<u>818,081</u>	<u>194,114</u>	<u>1,012,195</u>	<u>260,594</u>
<u>9,453,007</u>	<u>1,553,040</u>	<u>11,006,047</u>	<u>3,427,638</u>
<u>134,891</u>	<u>2,479</u>	<u>137,370</u>	<u>13,576</u>
<u>9,587,898</u>	<u>1,555,519</u>	<u>11,143,417</u>	<u>3,441,214</u>
<u>\$10,405,979</u>	<u>\$ 1,749,633</u>	<u>\$ 12,155,612</u>	<u>\$ 3,701,808</u>

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Governmental Fund Financial Statements

General Fund

This fund is the principal operating fund of the State. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

Uniform School Fund

This fund is maintained to account for revenues and expenditures that mainly support public elementary and secondary schools and the State Office of Education.

Transportation Fund

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes and fees and federal funds.

Centennial Highway Fund

This fund was created by the Legislature to account for revenues and expenditures associated with specific highway projects. Funding is provided from federal funds, registration fees, sales and use taxes, appropriations, and contributions from local governments.

Trust Lands

This permanent fund accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 118.

State of Utah**Balance Sheet
Governmental Funds**

June 30, 2005

(Expressed in Thousands)

	Special Revenue			
	General	Uniform School	Transportation	Centennial Highway
ASSETS				
Cash and Cash Equivalents	\$ 313,774	\$ 168,885	\$ 196,453	\$ 87,326
Investments	134,841	27,730	36,768	77,649
Receivables:				
Accounts, net	360,323	37,954	43,928	18,946
Accrued Interest	42	—	—	—
Accrued Taxes, net	249,872	384,687	58,229	728
Notes/Mortgages, net	8,951	3,783	376	—
Due From Other Funds	19,287	2,395	345	—
Due From Component Units	—	—	—	—
Inventories	—	—	11,473	—
Interfund Loans Receivable	32,520	13	—	—
Other Assets	—	—	—	—
Total Assets	<u>\$ 1,119,610</u>	<u>\$ 625,447</u>	<u>\$ 347,572</u>	<u>\$ 184,649</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 361,551	\$ 59,406	\$ 110,848	\$ 162
Due To Other Funds	12,323	651	4,196	—
Due To Component Units	—	—	—	—
Deferred Revenue	91,757	158,896	26,479	37
Total Liabilities	<u>465,631</u>	<u>218,953</u>	<u>141,523</u>	<u>199</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	113,427	40,225	2,263	—
Specific Purposes by Statute	134,040	22,609	44,225	—
Interfund Loans Receivable	14,893	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated	366,992	262,614	45,560	635
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated	24,627	81,046	114,001	183,815
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Total Fund Balances	<u>653,979</u>	<u>406,494</u>	<u>206,049</u>	<u>184,450</u>
Total Liabilities and Fund Balances	<u>\$ 1,119,610</u>	<u>\$ 625,447</u>	<u>\$ 347,572</u>	<u>\$ 184,649</u>

The Notes to the Financial Statements are an integral part of this statement.

Permanent		
Trust	Nonmajor	Total
Lands	Governmental	Governmental
	Funds	Funds
\$ 557	\$ 166,182	\$ 933,177
581,901	244,994	1,103,883
17,115	3,140	481,406
1,478	81	1,601
—	—	693,516
4,800	155	18,065
1,659	1,673	25,359
—	26,179	26,179
—	—	11,473
—	—	32,533
5,570	—	5,570
<u>\$ 613,080</u>	<u>\$ 442,404</u>	<u>\$ 3,332,762</u>
\$ 362	\$ 57,749	\$ 590,078
88	10,981	28,239
—	1,503	1,503
18,379	42,769	338,317
<u>18,829</u>	<u>113,002</u>	<u>958,137</u>
—	283,718	439,633
594,251	40,276	835,401
—	—	14,893
—	13,824	13,824
—	6,755	6,755
—	—	675,801
—	69	69
—	5,881	5,881
—	—	403,489
—	50,075	50,075
—	(71,196)	(71,196)
594,251	329,402	2,374,625
<u>\$ 613,080</u>	<u>\$ 442,404</u>	<u>\$ 3,332,762</u>

Reconciliation of the Balance Sheet — Governmental Funds To the Statement of Net Assets

June 30, 2005

(Expressed in Thousands)

Total Fund Balances for Governmental Funds \$ 2,374,625

Total net assets reported for governmental activities in the Statement of Net Assets
is different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds: (See Note 8)

Land and Related Non-depreciable Assets	\$ 743,960	
Infrastructure, Non-depreciable	7,545,349	
Construction-In-Progress	593,573	
Buildings, Equipment, and Other Depreciable Assets	1,474,872	
Accumulated depreciation	<u>(572,181)</u>	9,785,573

Some of the State's earned revenues will be collected after yearend, but are not
available soon enough to pay for the current period's expenditures, and therefore
are deferred in the funds. 244,456

Internal service funds are used by management to charge the costs of certain
activities, such as insurance, information technology, and fleet operations to
individual funds. The assets and liabilities of the internal service funds are included
in governmental activities in the Statement of Net Assets. 66,417

Bond issue costs are reported as current expenditures in the funds. However, issue
costs are deferred and amortized over the life of the bonds and are included in the
governmental activities in the Statement of Net Assets. 3,953

Long-term liabilities and related accrued interest are not due and payable in the
current period and therefore are not reported in the funds: (See Note 10)

General Obligation and Revenue Bonds Payable	(1,822,406)	
Unamortized Premiums	(101,329)	
Amount Deferred on Refunding	25,287	
Accrued Interest Payable	(1,637)	
Compensated Absences	(140,029)	
Capital Leases	(20,931)	
Contracts Payable	<u>(8,000)</u>	<u>(2,069,045)</u>

Total Net Assets of Governmental Activities \$ 10,405,979

The Notes to the Financial Statements are an integral part of this statement.

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State of Utah**Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Special Revenue			
	General	Uniform School	Transportation	Centennial Highway
REVENUES				
Taxes:				
Sales and Use Tax	\$ 1,664,352	\$ —	\$ 29,667	\$ 5,617
Individual Income Tax	—	1,946,593	—	—
Corporate Tax	—	209,304	—	—
Motor and Special Fuels Tax	—	—	336,417	—
Other Taxes	234,710	27,241	9,313	—
Total Taxes	1,899,062	2,183,138	375,397	5,617
Other Revenues:				
Federal Contracts and Grants	1,776,555	344,638	197,328	44,282
Charges for Services/Royalties	238,181	1,314	25,661	—
Licenses, Permits, and Fees	17,866	4,546	65,072	20,422
Federal Mineral Lease	82,704	—	—	—
Federal Aeronautics	—	—	34,416	—
Intergovernmental	—	—	—	—
Investment Income	16,483	14,392	4,706	3,137
Miscellaneous and Other	148,015	336	16,982	—
Total Revenues	4,178,866	2,548,364	719,562	73,458
EXPENDITURES				
Current:				
General Government	161,728	—	—	—
Human Services and Youth Corrections	575,046	—	—	—
Corrections, Adult	193,442	—	—	—
Public Safety	161,350	—	—	—
Courts	106,128	—	—	—
Health and Environmental Quality	1,456,282	—	—	—
Higher Education – State Administration	39,121	—	—	—
Higher Education – Colleges and Universities	626,026	—	—	—
Employment and Family Services	415,892	—	—	—
Natural Resources	120,398	—	—	—
Community and Economic Development	86,335	—	—	—
Business, Labor, and Agriculture	74,919	—	—	—
Public Education	—	2,168,798	—	—
Transportation	—	—	678,784	152,953
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	4,016,667	2,168,798	678,784	152,953
Excess Revenues Over (Under) Expenditures	162,199	379,566	40,778	(79,495)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	47,050
Revenue Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	2,950
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sale of Trust Lands	—	—	—	—
Transfers In	294,313	2,980	48,406	134,345
Transfers Out	(288,486)	(288,872)	(109,216)	(137,851)
Total Other Financing Sources (Uses)	5,827	(285,892)	(60,810)	46,494
Net Change in Fund Balances	168,026	93,674	(20,032)	(33,001)
Fund Balances – Beginning	485,953	313,886	226,081	217,451
Adjustments to Beginning Fund Balances	—	(1,066)	—	—
Fund Balances – Beginning As Adjusted	485,953	312,820	226,081	217,451
Fund Balances – Ending	\$ 653,979	\$ 406,494	\$ 206,049	\$ 184,450

The Notes to the Financial Statements are an integral part of this statement.

Permanent		
Trust	Nonmajor	Total
Lands	Governmental	Governmental
	Funds	Funds
\$ —	\$ —	\$ 1,699,636
—	—	1,946,593
—	—	209,304
—	—	336,417
—	4,451	275,715
<u>0</u>	<u>4,451</u>	<u>4,467,665</u>
—	3,983	2,366,786
57,499	8,343	330,998
—	13,476	121,382
—	—	82,704
—	—	34,416
—	4,104	4,104
26,521	6,299	71,538
—	66,375	231,708
<u>84,020</u>	<u>107,031</u>	<u>7,711,301</u>
—	17,163	178,891
—	1,825	576,871
—	4,588	198,030
—	1,722	163,072
—	1,679	107,807
—	5,336	1,461,618
—	—	39,121
—	11,061	637,087
—	1,145	417,037
—	2,797	123,195
—	1,286	87,621
—	10,196	85,115
—	98	2,168,896
—	548	832,285
—	139,488	139,488
—	183,911	183,911
—	89,768	89,768
<u>0</u>	<u>472,611</u>	<u>7,489,813</u>
<u>84,020</u>	<u>(365,580)</u>	<u>221,488</u>
—	93,585	140,635
—	18,430	18,430
—	22,066	22,066
—	9,089	12,039
—	(23,212)	(23,212)
18,070	—	18,070
22	372,923	852,989
—	(14,967)	(839,392)
<u>18,092</u>	<u>477,914</u>	<u>201,625</u>
<u>102,112</u>	<u>112,334</u>	<u>423,113</u>
492,139	217,424	1,952,934
—	(356)	(1,422)
<u>492,139</u>	<u>217,068</u>	<u>1,951,512</u>
<u>\$ 594,251</u>	<u>\$ 329,402</u>	<u>\$ 2,374,625</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds \$ 423,113

The change in net assets reported for governmental activities in the Statement of Net Assets is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are “transferred” to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays \$419,888 exceeded depreciation \$(52,531) and buildings “transferred” to component units \$(18,536) in the current period. (See Note 8) 348,821

In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (5,779)

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. 49,580

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 2,843

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)

Bonds Issued	\$ (181,131)	
Premiums on Bonds Issued	(12,039)	
Payment to Refund Bonds	21,189	
Amount Deferred on Refunding	2,023	
Payment of Bond Principal	152,326	
Capital Lease Payments	1,971	(15,661)

Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Compensated Absences Expenses	(435)	
Accrued Interest on Bonds Payable	(7)	
Amortization of Bond Premiums	19,304	
Amortization of Amount Deferred on Refunding	(3,702)	
Deferred Bond Issue Costs	4	15,164

Change in Net Assets of Governmental Activities \$ 818,081

The Notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Financial Statements

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that are secured by notes receivable in the fund and will be repaid from the collection of these notes.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 142.

Governmental Activities—Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 152.

State of Utah**Statement Of Net Assets
Proprietary Funds**

June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 84,013	\$ 445,446	\$ 80,407	\$ 142,467
Investments	187,285	—	—	—
Receivables:				
Accounts, net	18,334	75,412	133	7,014
Accrued Interest	15,029	—	4,505	2,923
Notes/Loans/Mortgages, net	199,710	—	27,817	15,367
Due From Other Funds	—	—	32	9,611
Interfund Loans Receivable	—	—	—	20
Prepaid Items	2,465	—	—	25
Inventories	—	—	—	19,604
Deferred Charges	—	—	—	—
Total Current Assets	<u>506,836</u>	<u>520,858</u>	<u>112,894</u>	<u>197,031</u>
Noncurrent Assets:				
Restricted Investments	88,725	—	—	—
Investments	—	—	—	1,050
Prepaid Items	—	—	—	—
Notes/Loans/Mortgages Receivables, net	1,254,576	—	447,209	236,620
Accrued Interest Receivable	—	—	3,888	524
Deferred Charges	22,089	—	—	—
Interfund Loans Receivable	—	—	—	20
Capital Assets:				
Land	—	—	—	22,314
Infrastructure	—	—	—	204
Buildings and Improvements	11,611	—	—	32,213
Machinery and Equipment	1,571	—	—	12,320
Construction in Progress	—	—	—	479
Less Accumulated Depreciation	(1,884)	—	—	(16,674)
Total Capital Assets	<u>11,298</u>	<u>0</u>	<u>0</u>	<u>50,856</u>
Total Noncurrent Assets	<u>1,376,688</u>	<u>0</u>	<u>451,097</u>	<u>289,070</u>
Total Assets	<u>1,883,524</u>	<u>520,858</u>	<u>563,991</u>	<u>486,101</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	14,766	1,284	173	12,124
Deposits	—	122	—	—
Due To Other Funds	—	4,155	87	12,215
Interfund Loans Payable	—	—	—	—
Unearned Revenue	1,973	—	17	1,840
Policy Claims and Uninsured Liabilities	650	3,037	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	144,920	—	—	1,213
Arbitrage Liability	2,103	—	—	—
Total Current Liabilities	<u>164,412</u>	<u>8,598</u>	<u>277</u>	<u>27,392</u>
Noncurrent Liabilities:				
Accrued Liabilities	1,779	—	—	—
Unearned Revenue	5,771	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	2,338	—	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	1,399,958	—	—	30,008
Arbitrage Liability	64,308	—	—	—
Total Noncurrent Liabilities	<u>1,474,154</u>	<u>0</u>	<u>0</u>	<u>30,008</u>
Total Liabilities	<u>1,638,566</u>	<u>8,598</u>	<u>277</u>	<u>57,400</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	908	—	—	27,511
Restricted for:				
Unemployment Compensation and Insurance Programs	—	512,260	—	—
Loan Programs	160,748	—	218,011	37,086
Debt Service	—	—	10	—
Unrestricted (Deficit)	83,302	—	345,693	364,104
Total Net Assets	<u>\$ 244,958</u>	<u>\$ 512,260</u>	<u>\$ 563,714</u>	<u>\$ 428,701</u>

The Notes to the Financial Statements are an integral part of this statement.

		Governmental Activities – Internal Service Funds
	Total	
\$	752,333	\$ 64,816
	187,285	—
	100,893	2,471
	22,457	—
	242,894	—
	9,643	13,589
	20	—
	2,490	1,905
	19,604	3,923
	—	4
	<u>1,337,619</u>	<u>86,708</u>
	88,725	—
	1,050	—
	—	347
	1,938,405	—
	4,412	—
	22,089	523
	20	—
	22,314	17
	204	246
	43,824	7,323
	13,891	175,737
	479	526
	(18,558)	(108,781)
	<u>62,154</u>	<u>75,068</u>
	<u>2,116,855</u>	<u>75,938</u>
	<u>3,454,474</u>	<u>162,646</u>
	28,347	11,085
	122	—
	16,457	5,006
	—	17,660
	3,830	1,206
	3,687	11,223
	—	4
	146,133	46
	2,103	—
	<u>200,679</u>	<u>46,230</u>
	1,779	—
	5,771	165
	—	14,913
	2,338	33,450
	—	523
	1,429,966	948
	64,308	—
	<u>1,504,162</u>	<u>49,999</u>
	<u>1,704,841</u>	<u>96,229</u>
	28,419	74,064
	512,260	4,814
	415,845	2,478
	10	—
	793,099	(14,939)
\$	<u>1,749,633</u>	<u>\$ 66,417</u>

State of Utah**Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Proprietary Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services/Premiums	\$ 41,042	\$ 221,298	\$ 459	\$ 179,925
Fees and Assessments	2,131	—	—	3,553
Interest on Notes/Mortgages	42,745	—	9,337	5,242
Federal Reinsurance and Allowances/Reimbursements	20,883	2,152	—	—
Miscellaneous	1,457	—	—	394
Total Operating Revenues	<u>108,258</u>	<u>223,450</u>	<u>9,796</u>	<u>189,114</u>
OPERATING EXPENSES				
Administration	3,695	—	—	24,345
Purchases, Materials, and Services for Resale	—	—	—	102,127
Grants	—	—	8,260	707
Rentals and Leases	—	—	—	1,639
Maintenance	—	—	—	2,046
Interest	38,398	—	—	—
Depreciation	434	—	—	2,110
Student Loan Servicing and Related Expenses	24,127	—	—	—
Payment to Lenders for Guaranteed Claims	21,482	—	—	—
Benefit Claims and Unemployment Compensation	—	142,632	—	—
Supplies and Other Miscellaneous	7,359	—	351	7,214
Total Operating Expenses	<u>95,495</u>	<u>142,632</u>	<u>8,611</u>	<u>140,188</u>
Operating Income (Loss)	<u>12,763</u>	<u>80,818</u>	<u>1,185</u>	<u>48,926</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	8,637	21,892	2,496	2,547
Federal Grants	—	—	7,500	2,910
Gain (Loss) on Sale of Capital Assets	—	—	—	(64)
Tax Revenues	—	—	14,349	525
Interest Expense	—	—	(37)	(1,176)
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	—	—	89	191
Total Nonoperating Revenues (Expenses)	<u>8,637</u>	<u>21,892</u>	<u>24,397</u>	<u>4,933</u>
Income (Loss) before Transfers	21,400	102,710	25,582	53,859
Transfers In	—	—	1,582	36,937
Transfers Out	—	(2,160)	(2,950)	(42,846)
Change in Net Assets	21,400	100,550	24,214	47,950
Net Assets – Beginning	221,079	411,710	539,500	380,751
Adjustments to Beginning Net Assets	2,479	—	—	—
Net Assets – Beginning as Adjusted	<u>223,558</u>	<u>411,710</u>	<u>539,500</u>	<u>380,751</u>
Net Assets – Ending	<u>\$ 244,958</u>	<u>\$ 512,260</u>	<u>\$ 563,714</u>	<u>\$ 428,701</u>

The Notes to the Financial Statements are an integral part of this statement.

		Governmental Activities – Internal Service Funds
	Total	
	<u>\$ 442,724</u>	<u>\$ 179,352</u>
	5,684	—
	57,324	—
	23,035	—
	1,851	96
	<u>530,618</u>	<u>179,448</u>
	28,040	34,113
	102,127	62,550
	8,967	409
	1,639	5,136
	2,046	17,505
	38,398	—
	2,544	20,216
	24,127	—
	21,482	—
	142,632	11,250
	14,924	22,039
	<u>386,926</u>	<u>173,218</u>
	<u>143,692</u>	<u>6,230</u>
	35,572	1,510
	10,410	—
	(64)	(722)
	14,874	—
	(1,213)	(41)
	—	(67)
	280	93
	<u>59,859</u>	<u>773</u>
	203,551	7,003
	38,519	658
	<u>(47,956)</u>	<u>(4,818)</u>
	194,114	2,843
	1,553,040	63,574
	2,479	—
	<u>1,555,519</u>	<u>63,574</u>
	<u>\$ 1,749,633</u>	<u>\$ 66,417</u>

State of Utah**Statement Of Cash Flows
Proprietary Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 54,382	\$ 203,730	\$ 9,370	\$ 211,480
Receipts from Loan Maturities	368,773	—	30,327	21,115
Receipts Federal Reinsurance & Allowances/Reimburse ..	43,858	2,183	—	—
Receipts from State Customers	157	—	—	9,211
Student Loan Disbursements Received from Lenders	344,188	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(342,851)	—	—	—
Payments to Suppliers/Claims/Grants	(26,853)	(143,805)	(10,569)	(113,741)
Disbursements for Loans Receivable	(559,835)	—	(61,272)	(25,165)
Payments on Loan Guarantees	(29,747)	—	—	—
Payments for Employee Services and Benefits	(3,725)	—	—	(22,584)
Payments to State Suppliers and Grants	(103)	—	(286)	(4,620)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(29,390)
Net Cash Provided (Used) by Operating Activities	(151,756)	62,108	(32,430)	46,306
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	7,263
Repayments Under Interfund Loans	—	—	—	(6,428)
Receipts from Bonds, Notes, and Deposits	151,080	30	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(3,710)	(5)	(1,060)	—
Interest Paid on Bonds, Notes, and Financing Costs	(34,561)	—	—	—
Federal Grants and Other Revenues	—	—	7,641	3,105
Restricted Sales Tax	—	—	14,349	525
Transfers In from Other Funds	—	—	1,582	35,343
Transfers Out to Other Funds	—	—	(2,950)	(40,874)
Net Cash Provided (Used) by Noncapital Financing Activities	112,809	25	19,562	(1,066)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	7,343
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	(6,234)
Acquisition and Construction of Capital Assets	(482)	—	—	(7,437)
Interest Paid on Bonds, Notes, and Capital Leases	(6)	—	—	(1,185)
Transfers In from Other Funds	—	—	—	1,593
Transfers Out to Other Funds	—	(2,160)	—	(1,972)
Net Cash Provided (Used) by Capital and Related Financing Activities	(488)	(2,160)	0	(7,892)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	673,545	—	—	207
Receipts of Interest and Dividends from Investments	8,629	21,892	2,497	2,548
Payments to Purchase Investments	(621,245)	—	—	—
Net Cash Provided (Used) by Investing Activities	60,929	21,892	2,497	2,755
Net Cash Provided (Used) – All Activities	21,494	81,865	(10,371)	40,103
Cash and Cash Equivalents – Beginning	62,519	363,581	90,778	102,364
Cash and Cash Equivalents – Ending	\$ 84,013	\$ 445,446	\$ 80,407	\$ 142,467

The Notes to the Financial Statements are an integral part of this statement.

	Governmental Activities – Internal Service Funds
Total	
\$ 478,962	\$ 45,054
420,215	2,478
46,041	—
9,368	142,346
344,188	—
(342,851)	—
(294,968)	(66,884)
(646,272)	—
(29,747)	—
(26,309)	(33,723)
(5,009)	(52,827)
(29,390)	—
(75,772)	36,444
7,263	—
(6,428)	—
151,110	535
(4,775)	(1,259)
(34,561)	(6)
10,746	—
14,874	—
36,925	—
(43,824)	(4,818)
131,330	(5,548)
0	(11,450)
7,343	953
0	4,244
(6,234)	(930)
(7,919)	(18,308)
(1,191)	(107)
1,593	658
(4,132)	—
(10,540)	(24,940)
673,752	—
35,566	1,510
(621,245)	—
88,073	1,510
133,091	7,466
619,242	57,350
\$ 752,333	\$ 64,816

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 12,763	\$ 80,818	\$ 1,185	\$ 48,926
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	434	—	—	2,110
Interest Expense for Noncapital and Capital Financing	32,872	—	—	—
Miscellaneous Gains, Losses, and Other Items	7,204	—	—	684
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(10,003)	(18,680)	163	2,752
Notes/Accrued Interest Receivables	(201,420)	—	(33,369)	(3,884)
Inventories	—	—	—	(983)
Prepaid Items/Deferred Charges	(23)	—	—	19
Accrued Liabilities/Due to Other Funds	5,500	2,134	(409)	(3,276)
Unearned Revenue/Deposits	917	—	—	(42)
Policy Claims Liabilities	—	(2,164)	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ (151,756)</u>	<u>\$ 62,108</u>	<u>\$ (32,430)</u>	<u>\$ 46,306</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ 10	\$ 8
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 8</u>

The Notes to the Financial Statements are an integral part of this statement.

		Governmental
		Activities –
		Internal
		Service
		Funds
<u>Total</u>		
\$ 143,692	\$	6,230
2,544		20,216
32,872		—
7,888		—
(25,768)		1,415
(238,673)		2,478
(983)		(256)
(4)		(923)
3,949		1,971
875		1,063
(2,164)		4,250
<u>\$ (75,772)</u>	<u>\$</u>	<u>36,444</u>
<u>\$ 18</u>	<u>\$</u>	<u>9</u>
<u>\$ 18</u>	<u>\$</u>	<u>9</u>

Fiduciary Fund Financial Statements

Pension Trust Funds

These funds are used to account for the activities of the Utah Retirement Systems.

Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 162.

State of Utah**Statement Of Fiduciary Net Assets
Fiduciary Funds**

June 30, 2005

(Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,046,515	\$ 558	\$ 37,468	\$108,352
Receivables:				
Accounts	2,479	—	4,425	202
Contributions	26,710	—	—	—
Investments	380,158	—	—	—
Accrued Interest	—	28,139	—	—
Accrued Assessments	—	—	9,794	—
Due From Other Funds	—	—	1,015	256
Investments:				
Debt Securities	4,464,798	3,980,444	319,251	11,519
Equity Investments	11,200,639	—	879,605	2,039
Venture Capital	552,534	—	—	—
Real Estate	1,673,204	—	—	—
Mortgage Loans	6,659	—	—	—
Invested Securities Lending Collateral	2,369,152	—	—	—
Investment Contracts	50,233	—	—	—
Total Investments	<u>20,317,219</u>	<u>3,980,444</u>	<u>1,198,856</u>	<u>13,558</u>
Capital Assets:				
Land	1,779	—	260	—
Buildings and Improvements	11,050	—	4,501	—
Machinery and Equipment	3,326	—	534	—
Less Accumulated Depreciation	(12,082)	—	(1,260)	—
Total Capital Assets	<u>4,073</u>	<u>0</u>	<u>4,035</u>	<u>0</u>
Total Assets	<u>21,777,154</u>	<u>4,009,141</u>	<u>1,255,593</u>	<u>\$122,368</u>
LIABILITIES				
Accounts Payable	729,797	—	3,277	\$ —
Securities Lending Liability	2,369,152	—	—	—
Due To Other Funds	—	—	160	—
Due To Other Individuals or Groups	—	—	—	33,043
Due To Other Taxing Units	—	—	—	89,325
Unearned Revenue	—	—	334	—
Leave/Postemployment Benefits	5,285	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,000	—	367,315	—
Mortgages Payable	480,000	—	—	—
Total Liabilities	<u>3,589,234</u>	<u>0</u>	<u>371,086</u>	<u>\$122,368</u>
NET ASSETS				
Held in trust for:				
Pension Benefits	16,084,094	—	—	—
Deferred Compensation	2,103,826	—	—	—
Pool Participants	—	4,009,141	—	—
Individuals, Organizations, and Other Governments	—	—	884,507	—
Total Net Assets	<u>\$ 18,187,920</u>	<u>\$ 4,009,141</u>	<u>\$ 884,507</u>	
Participant Account Balance Net Asset Valuation Factor		<u>1.000154</u>		

The Notes to the Financial Statements are an integral part of this statement.

State of Utah**Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 223,064	\$ —	\$ 300,176
Employer	435,715	—	—
Court Fees and Fire Insurance Premiums	10,467	—	—
Total Contributions	<u>669,246</u>	<u>0</u>	<u>300,176</u>
Pool Participant Deposits	<u>—</u>	<u>6,854,443</u>	<u>—</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,709,151	(2,092)	45,433
Interest, Dividends, and Other Investment Income	453,365	117,893	22,831
Less Investment Expenses	(43,424)	(101)	—
Net Investment Income	<u>2,119,092</u>	<u>115,700</u>	<u>68,264</u>
Transfers From Affiliated Systems	<u>15,787</u>	<u>—</u>	<u>—</u>
Other Additions:			
Escheats	—	—	20,193
Royalties and Rents	—	—	2,438
Fees, Assessments, and Revenues	—	—	79,382
Miscellaneous	—	—	4,066
Total Other	<u>0</u>	<u>0</u>	<u>106,079</u>
Total Additions	<u>2,804,125</u>	<u>6,970,143</u>	<u>474,519</u>
DEDUCTIONS			
Pension Benefits	578,711	—	—
Refunds/Plan Distributions	105,593	—	—
Earnings Distribution	—	118,854	—
Pool Participant Withdrawals	—	6,357,949	—
Transfers To Affiliated Systems	15,787	—	—
Trust Operating Expenses	—	—	26,614
Distributions and Benefit Payments	—	—	71,265
Administrative and General Expenses	14,840	—	10,425
Total Deductions	<u>714,931</u>	<u>6,476,803</u>	<u>108,304</u>
Change in Net Assets Held in Trust for:			
Pension Benefits	1,834,962	—	—
Deferred Compensation	254,232	—	—
Pool Participants	—	493,340	—
Individuals, Organizations, and Other Governments	—	—	366,215
Net Assets – Beginning	16,098,726	3,837,851	518,292
Adjustments to Beginning Net Assets	—	(322,050)	—
Net Assets – Beginning as Adjusted	<u>16,098,726</u>	<u>3,515,801</u>	<u>518,292</u>
Net Assets – Ending	<u>\$ 18,187,920</u>	<u>\$ 4,009,141</u>	<u>\$ 884,507</u>

The Notes to the Financial Statements are an integral part of this statement.

Component Unit Financial Statements

Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds, which are repaid from the interest and principal payments made on mortgages.

Public Employees Health Program

This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 174.

State of Utah**Combining Statement Of Net Assets
Component Units**

June 30, 2005

(Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 478,046	\$ 222	\$ 491,679	\$ 57,872
Investments	—	76,519	80,061	126,897
Receivables:				
Accounts, net	—	35,240	203,518	46,643
Notes/Loans/Mortgages/Pledges, net	13,727	—	7,419	14,256
Accrued Interest	4,927	1,182	1,508	—
Due From Primary Government	—	—	1,503	—
Prepaid Items	1,491	10,079	—	1,388
Inventories	—	—	27,591	3,227
Deferred Charges	—	—	8,902	—
Total Current Assets	<u>498,191</u>	<u>123,242</u>	<u>822,181</u>	<u>250,283</u>
Noncurrent Assets:				
Restricted Investments	92,553	—	297,167	52,547
Accounts Receivables, net	—	—	—	—
Investments	122,005	116,433	178,748	7,344
Notes/Loans/Mortgages/Pledges Receivables, net	858,361	—	57,628	7,077
Deferred Charges	9,557	—	16,199	—
Other Assets	5,395	—	—	—
Capital Assets (net of Accumulated Depreciation)	6,713	925	1,094,780	385,866
Total Noncurrent Assets	<u>1,094,584</u>	<u>117,358</u>	<u>1,644,522</u>	<u>452,834</u>
Total Assets	<u>1,592,775</u>	<u>240,600</u>	<u>2,466,703</u>	<u>703,117</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	49,373	11,099	110,688	40,017
Securities Lending Liability	—	42,345	—	—
Deposits	—	—	77,390	276
Due To Primary Government	—	—	8,389	4,815
Unearned Revenue	—	7,997	23,816	22,606
Current Portion of Long-term Liabilities (Note 10)	120,887	62,696	22,899	9,453
Total Current Liabilities	<u>170,260</u>	<u>124,137</u>	<u>243,182</u>	<u>77,167</u>
Noncurrent Liabilities:				
Accrued Liabilities	626	—	—	—
Unearned Revenue	—	—	—	1,190
Deposits	—	—	11,345	—
Due To Primary Government	—	—	9,765	—
Long-term Liabilities (Note 10)	1,221,768	44,700	339,706	120,095
Total Noncurrent Liabilities	<u>1,222,394</u>	<u>44,700</u>	<u>360,816</u>	<u>121,285</u>
Total Liabilities	<u>1,392,654</u>	<u>168,837</u>	<u>603,998</u>	<u>198,452</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,168	925	760,338	317,621
Restricted for:				
Nonexpendable:				
Higher Education	—	—	275,041	66,376
Expendable:				
Higher Education	—	—	338,865	76,418
Debt Service	167,813	—	—	—
Insurance Plans	—	70,838	—	—
Other	—	—	—	—
Unrestricted	30,140	—	488,461	44,250
Total Net Assets	<u>\$ 200,121</u>	<u>\$ 71,763</u>	<u>\$ 1,862,705</u>	<u>\$ 504,665</u>

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component Units	Total
\$ 140,895	\$ 1,168,714
29,563	313,040
24,081	309,482
5,409	40,811
597	8,214
—	1,503
4,644	17,602
9,440	40,258
346	9,248
<u>214,975</u>	<u>1,908,872</u>
104,448	546,715
892	892
67,070	491,600
40,886	963,952
—	25,756
7,202	12,597
<u>801,477</u>	<u>2,289,761</u>
<u>1,021,975</u>	<u>4,331,273</u>
<u>1,236,950</u>	<u>6,240,145</u>
24,216	235,393
—	42,345
1,156	78,822
1,878	15,082
16,167	70,586
<u>22,925</u>	<u>238,860</u>
<u>66,342</u>	<u>681,088</u>
—	626
—	1,190
798	12,143
1,332	11,097
<u>105,924</u>	<u>1,832,193</u>
<u>108,054</u>	<u>1,857,249</u>
<u>174,396</u>	<u>2,538,337</u>
701,239	1,782,291
72,337	413,754
142,264	557,547
—	167,813
—	70,838
41	41
<u>146,673</u>	<u>709,524</u>
<u>\$ 1,062,554</u>	<u>\$ 3,701,808</u>

State of Utah**Combining Statement Of Activities
Component Units**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	<u>\$ 71,223</u>	<u>\$ 483,552</u>	<u>\$ 1,826,662</u>	<u>\$ 416,469</u>
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	145,214	83,389
Scholarship Allowances	—	—	(13,025)	(22,411)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$34,696)	78,121	479,887	1,213,568	49,685
Operating Grants and Contributions	—	5,578	375,554	166,244
Capital Grants and Contributions	—	—	33,444	5,022
Total Program Revenues	<u>78,121</u>	<u>485,465</u>	<u>1,754,755</u>	<u>281,929</u>
Net (Expenses) Revenues	<u>6,898</u>	<u>1,913</u>	<u>(71,907)</u>	<u>(134,540)</u>
General Revenues:				
State Appropriations	—	—	238,756	131,586
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	11,390	1,122
Total General Revenues	<u>0</u>	<u>0</u>	<u>250,146</u>	<u>132,708</u>
Change in Net Assets	<u>6,898</u>	<u>1,913</u>	<u>178,239</u>	<u>(1,832)</u>
Net Assets – Beginning	193,223	69,850	1,684,466	504,334
Adjustment to Capital Assets Classification	—	—	—	2,163
Reclassify Entity as Component Unit	—	—	—	—
Net Assets – Beginning as Adjusted	<u>193,223</u>	<u>69,850</u>	<u>1,684,466</u>	<u>506,497</u>
Net Assets – Ending	<u>\$ 200,121</u>	<u>\$ 71,763</u>	<u>\$ 1,862,705</u>	<u>\$ 504,665</u>

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component Units	Total
<u>\$ 725,588</u>	<u>\$ 3,523,494</u>
225,413	454,016
(39,387)	(74,823)
103,682	1,924,943
145,880	693,256
53,218	91,684
<u>488,806</u>	<u>3,089,076</u>
<u>(236,782)</u>	<u>(434,418)</u>
306,223	676,565
1,061	1,061
4,874	17,386
<u>312,158</u>	<u>695,012</u>
<u>75,376</u>	<u>260,594</u>
975,765	3,427,638
—	2,163
11,413	11,413
<u>987,178</u>	<u>3,441,214</u>
<u>\$ 1,062,554</u>	<u>\$ 3,701,808</u>

Notes to the Financial Statements

Fiscal Year Ended June 30, 2005

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

A. Reporting Entity

For financial reporting purposes, the State of Utah reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: (1) the ability of the State to impose its will on that organization or; (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Utah State Auditor's Office, PO Box 142310, Salt Lake City, UT 84114.

Entities such as the local school districts and local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Uniform School Fund, a special revenue fund.)

Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

Discrete Component Units

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State. The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and low-income housing tax credits. The other component units are included in the reporting entity because under the criteria established by GASB, the State has the ability to impose its will on these organizations. The colleges and universities, the Public Employees Health Program, Comprehensive Health Insurance Pool and the Schools for the Deaf and Blind are included as component units due to the level of oversight provided by the State. The Governor-appointed board members of the remaining component units can be replaced at will.

The State's major discrete component units are:

Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah. The Program is administered by the Utah State Retirement Board.

University of Utah and Utah State University — These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable.

Utah Schools for the Deaf and the Blind — These Schools provide practical education to individuals with hearing and/or vision impairments. In prior years, these Schools were reported as governmental activities within the primary government. However, the Schools were reevaluated and are now more appropriately reported as a discrete component unit. Separate audited financial statements are not required or issued for it.

Heber Valley Historic Railroad Authority — The Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority has a separate compilation report, but separate audited financial statements are not required or issued for it.

Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley State College, Dixie State College of Utah, College of Eastern Utah, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are not required or issued for the Utah College of Applied Technology; however, its significant branch campuses each issue separate audit financial statements.

Fiduciary Component Units

Utah Retirement Systems (pension trust funds) — Utah Retirement Systems administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. Utah Retirement Systems is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The State does not allocate general government (indirect) expenses to other functions. Program

revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

Major Governmental Funds — The State reports the following major governmental funds:

- **General Fund.** This fund is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Uniform School Fund.** This special revenue fund accounts primarily for revenues and expenditures that support public elementary and secondary schools in the State.
- **Transportation Fund.** This special revenue fund accounts for revenues and expenditures associated with highway construction and maintenance.
- **Centennial Highway Fund.** This special revenue fund was created by the Legislature to account for specific highway projects.
- **Trust Lands Fund.** This is a permanent fund that accounts for land grants and the sale of such lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Governmental Funds — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations and rural development programs. The capital projects funds account for the resources used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Reporting for business-type activities and enterprise funds follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Major Enterprise Funds — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs.** These programs make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.
- **Unemployment Compensation Fund.** This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs.** This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.

Nonmajor Enterprise Funds — The State's nonmajor enterprise funds include loan programs for communities, low-income housing, agricultural and other purposes; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

Internal Service Funds — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include information technology, fleet operations, risk management, copy and mail services, debt collection, and property management. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

Pension Trust Funds — These funds account for the transactions, assets, liabilities, and fund equity of the retirement systems and plans administered by Utah Retirement Systems.

Investment Trust Fund — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Nation Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Education Savings Plan Trust.

Agency Funds — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported

using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

D. Fiscal Year Ends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the pension trust funds (fiduciary funds) and the Utah Dairy Commission (a nonmajor enterprise fund), which have fiscal years ending December 31.

E. Assets, Liabilities, and Net Assets/Fund Balances

Cash and Cash Equivalents and Investments

Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems (pension trust funds) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

The State's Unemployment Compensation Fund (enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (pension trust funds) held four types of derivative financial instruments at yearend: futures, currency forwards, options, and swaps. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Utah Housing Corporation (major component unit) enters into various rate swap contracts in order to increase funding capabilities. The Corporation sells variable rate bonds and minimizes the inherent risk with the use of floating-to-fixed interest rate swap contracts. See Note 3 for additional information about derivatives.

Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivable for governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

Inventories and Prepaid Items

Proprietary funds and component units inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund inventories are recorded as expenditures when purchased except for Transportation Fund inventories that are recorded as expenditures when consumed. Transportation Fund inventories are valued using a weighted average cost.

Prepaid items related to governmental funds are immaterial and recorded as expenditures in the governmental funds financial statements when paid.

Prepaid items for the Student Assistance Programs (enterprise fund) are primarily guarantor insurance premiums charged at the time loan proceeds are disbursed and are amortized over the estimated lives of the loans using a method which approximates the interest method of amortization.

Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure, are defined by the State as assets, which cost \$5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over \$1 million. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment	3–15
Aircraft and Heavy Equipment	5–30
Buildings and Improvements	30–40
Land Improvements	5–20
Infrastructure	15–80

As provided by GASB standards, the State has elected to use the “modified approach” to account for infrastructure assets (roads and bridges) maintained by the State’s Department of Transportation. Under this approach, depreciation expense is not recorded and only improvements that expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (1) maintain an inventory of the assets and perform periodic condition assessments; (2) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (3) document that the assets are being preserved approximately at or above the condition level set by the State.

Most works of art and historical treasures are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State’s assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

Deferred Revenue — Unearned and Unavailable

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (enterprise fund) are primarily guarantee fees that are recognized as income over a period of ten years using the sum-of-the-years-digits method.

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates. Policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Assets.

Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, deferred amount on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Assets and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2005, the total estimated arbitrage rebate

liability in the Student Assistance Programs (enterprise fund) was \$66.411 million, of which \$63.790 million represents yield reduction payments and \$2.621 million represents the estimated liability for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Leave/Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 40 days may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Converted sick is paid to employees upon termination. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Assets as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Note 10 for additional information about the liability.

Employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless employees are eligible for retirement or the sick leave is "converted". Sick leave is expended when used. At retirement, for participating agencies, the State will pay an employee up to 25 percent of the employee's accumulated sick leave and will pay for premiums to maintain health and life insurance coverage for up to five years or until the employee turns age 65, whichever comes first. The employee may use any remaining sick leave balances to acquire health insurance to age 65, and since fiscal year 1999, health insurance for the employee's spouse until they reach age 65, and Medicare supplement insurance after age 65 for both the employee and their spouse. See Note 17 for additional information about postemployment benefits.

The State maintains compensated absences and postemployment benefit pools within the General Fund, Uniform School Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination and payment of postemployment benefits are made from the compensated absences and postemployment benefit pools. Proprietary funds and private purpose trust funds of the primary government also participate in the pools and have no liability for leave or postemployment benefits once their contributions to the pools have been made.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and postemployment benefits policies vary slightly among component units and from the primary government's policies. Vacation leave is expended when earned and sick leave is expended when used.

Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements, and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as reserved, designated, or unreserved. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

F. Revenues and Expenditures/Expenses

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2005, the State reported revenue and expenditures of \$8.855 million for commodities in the General Fund, and \$12.103 million for commodities in the Uniform School Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the Tobacco Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Uniform School Fund and the General Fund, respectively. One half of the applicable income reported in the General Fund is then transferred back into the Tobacco Endowment Fund to increase the principal in the fund as required by state law.

Retirement and Employee Benefit Costs

Most state employees participate in a pension system and/or plan administered by Utah Retirement Systems. Contributions collected for the pension systems and plans and the retirement benefits paid are both accounted for in the Pension Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefit costs are recognized in the fiscal year in which the underlying payroll cost is incurred.

G. Interfund Transactions

Government-wide Financial Statements

Interfund Activity — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

Interfund Balances — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

Governmental Fund Financial Statements

Interfund Activity — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

NOTE 2. BEGINNING NET ASSET ADJUSTMENTS AND OTHER CHANGES

Capital asset related adjustments to beginning net assets of governmental activities reported on the Statement of Net Assets resulted in a net increase of \$2.724 million. The recorded net amount of buildings increased \$12.715 million due to a change in interpretation of federal regulations for Utah National Guard buildings and assets discovered by a federal audit at the Department of Natural Resources. In addition, \$9.991 million in capital assets were reclassified from governmental activities to a component unit (see subsequent paragraph). Had these changes been made in the prior year, the effect on governmental activities on the prior year Statements of Activities would have been an increase of \$24 thousand in expenses and \$2.748 million in beginning net assets. The effects of these adjustments on beginning amounts reported for each component of capital assets is described in Note 8.

As discussed in Note 1.A, the Schools for the Deaf and the Blind were reevaluated and are now reported as a discrete component unit. In prior years, these Schools were reported as governmental activities within the primary government (Uniform School Fund, a major special revenue fund with donations reported in a miscellaneous special revenue fund within Nonmajor Governmental Funds). As a result of this change, a reclassification of \$11.413 million was made to reduce beginning net assets of the governmental activities and increase beginning net assets of components units. This reclassification in beginning net assets includes \$9.991 million in capital assets as noted in the above paragraph. Amounts included in the governmental activities on the prior year Statement of Net Assets and Statement of Activities included the following: \$13.119 million total assets; \$1.706 million total liabilities; \$22.963 million revenues, of which \$18.107 million were state appropriations; and \$23.159 million total expenses.

A reevaluation of the recognition criteria used to report federal receivables resulted in a net decrease of \$98.949 million to beginning net assets of governmental activities reported on the Statement of Net Assets. Had this change been made in the prior year, the effect on governmental activities on the prior year Statement of Activities would have been a decrease of \$9.506 million in revenue and \$89.443 million in beginning net assets.

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards for the measurement, recognition and display of postemployment healthcare and similar benefits (OPEB). Because retroactive application of the measurement requirements of this Statement is not required, the OPEB liability at the beginning of the transition year will be zero. In preparation of implementing this Statement for the fiscal year beginning July 1, 2006 (the transition year), the postemployment liability previously included in the governmental activities of the primary government was eliminated. This change resulted in a net increase of \$240.538 million on the Statement of Net Assets. Had this change been made in the prior year, the effect on governmental activities on the Statement of Activities would have been a decrease of \$24.096 million in expenses and an increase of \$216.442 million in beginning net assets. See Note 17 for more information on postemployment benefits.

A reevaluation of the recognition criteria used to report the State's liability for cleanup costs with the U.S. Environmental Protection Agency resulted in a decrease of \$8 million to beginning net assets of governmental activities reported on the Statement of Net Assets.

The Student Loan Purchase Program, reported as a business-type activity within the primary government (Student Assistance Programs, major enterprise fund), implemented a retroactive change in the method of amortizing deferred guarantor insurance premiums. This change in amortization, from straight line to an accelerated method, increased beginning net assets by \$2.479 million. Had this change been made in the prior year, the effect on business-type activities reported on the Statement of Activities would have been a decrease of \$333 thousand in expenses and a \$2.146 million increase in beginning net assets.

An adjustment was made to decrease the beginning net assets of the Investment Trust Fund reported on the Statement of Fiduciary Net Assets by \$322.050 million. In the prior year, certain deposits by third party trustees on behalf of the State and its component units were treated as deposits of external participants and reported in the Investment Trust Fund. Under generally accepted accounting

principles, those deposits should have been treated as deposits of internal participants and excluded from the presentation. See Note 4 for additional information about the Investment Trust Fund.

An adjustment was made to increase beginning net assets of Utah State University (major component unit) by \$2.163 million for capital assets that were inadvertently deleted in prior years.

GASB Statement 46, *Net Assets Restricted by Enabling Legislation Disclosures—an amendment of GASB Statement No. 34* was early implemented for the fiscal year ended June 30, 2005. As a result, a disclosure related to restricted net assets was added. Implementing this Statement did not result in any other reporting changes. The change is reflected in Note 11.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council. However, the Act also permits certain funds that have a long-term perspective to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the Tobacco Endowment (special revenue fund), Trust Lands (permanent fund), Employers' Reinsurance Trust (private purpose trust), and Utah Educational Savings Plan Trust (private purpose trust). In the component units it is the college and university funds from gifts, federal or private grants, and the corpus of funds functioning as endowments. Exempt from the Act in the primary government is the Utah Retirement Systems (pension trust funds). The discrete component units exempt from the Act are Utah Housing Corporation and Public Employees Health Program.

A. PRIMARY GOVERNMENT

Custodial Credit Risk—Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor

are they required to be by state statute. The deposits for the primary government at June 30, 2005, were \$245.519 million. Of these, \$242.855 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The Act permits investing according to the rules of the Money Management Council for certain funds with a long-term perspective and funds acquired by gift, private grant, and the corpus of funds functioning as endowments. The Council's Rule 2 allows the State to invest these funds in any of the above investments or in any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock or convertible bonds; corporate bonds or debentures; and alternative investments as defined in the rule.

The primary government's investments at June 30, 2005, are presented below. All investments, except those of the Utah Retirement Systems (pension trust funds), are presented by investment type and debt securities are presented by maturity. The Utah Retirement Systems are presented consistent with their separately issued financial statements by investment type.

Primary Government Investments
(except Pension Trust Funds)
(Expressed in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U.S. Treasuries	\$ 4,707	\$ 57	\$ 4,650	\$ —	\$ —
U.S. Agencies	2,360,343	2,341,573	16,095	—	2,675
Corporate Debt	3,915,973	3,915,668	305	—	—
Negotiable Certificates of Deposit	302,632	302,632	—	—	—
Money Market Mutual Fund	193,578	193,578	—	—	—
Commercial Paper	131,365	131,365	—	—	—
Bond Mutual Fund *	380,930	—	—	380,930	—
Repurchase Agreements	27,735	27,735	—	—	—
	<u>7,317,263</u>	<u>\$ 6,912,608</u>	<u>\$ 21,050</u>	<u>\$ 380,930</u>	<u>\$ 2,675</u>
<u>Other Investments</u>					
Equity Securities	7,318				
Equity Mutual Funds Securities:					
Domestic	1,074,533				
International	146,423				
U.S. Unemployment Trust Pool	443,224				
Real Estate Held for Investment Purposes...	1,103				
Real Estate Joint Ventures	257				
Component Units Investment in Primary Government's Investment Pool	(727,302)				
Total	<u>\$ 8,262,819</u>				

* At June 30, 2005, the bond mutual fund had an average effective maturity of 6.8 years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

U.S. agency debt securities of \$2.1 billion owned by the primary government reset periodically and have a maximum maturity out to four years. The securities "step up" to higher interest rates at levels determined at the time of purchase. These securities are callable at par and on a quarterly basis may be called or stepped up; if held to maturity they will mature at par. In the current rising interest rate environment, some of these adjustable rate securities have not kept pace with the increase in rates as reflected in their fair market

values. In the table above, U.S. agency securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments). Utah Educational Savings Plan Trust (private purpose trust) – \$810.284 million, 79.6 percent, in domestic equity mutual fund securities; \$156.217 million, 15.3 percent, in bond mutual fund; \$52.007 million, 5.1 percent, in international equity mutual fund securities. Trust Lands (permanent fund) – \$250.449 million, 44.3 percent, in domestic equity mutual fund securities; \$220.329 million, 39.0 percent, in bond mutual fund; and \$94.416 million, 16.7 percent, in international equity mutual fund securities.

Pension Trust Funds Investments**At December 31, 2004***(Expressed in Thousands)*

<u>Investment Type</u>	<u>Fair Value</u>
Debt Securities – Domestic	\$ 2,597,950
Debt Securities – International	525,742
Equity Securities – Domestic	6,099,679
Equity Securities – International	3,362,805
Short-term Securities Pools	1,054,509
Mortgage Loans:	
Collateralized Loans	23
Real Estate Notes	6,635
Real Estate	453,046
Real Estate Joint Ventures	1,220,159
Alternative Investments (Venture Capital)	552,533
Guaranteed Investment Contracts	50,233
Equity Securities – Domestic (Pooled)	308,597
Mutual Fund – International	187,831
Mutual Fund – Balanced	273,184
Investments Held by Broker-dealers	
Under Securities Lending Program:	
U.S. Government and Agency Securities	915,722
Corporate Debt Securities – Domestic	70,500
Debt Securities – International	354,886
Equity Securities – Domestic	956,474
Equity Securities – International	12,070
Total Investments	19,002,578
Securities Lending Collateral Pool	2,369,152
Total Pension Trust Funds	<u>\$ 21,371,730</u>

Interest Rate Risk—Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270–365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Funds that follow Rule 2 of the Money Management Council may not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

The Utah Retirement Systems (URS) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50 and 150 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The URS compares an investment's effective duration against the Lehman Brothers Aggregate Index for domestic debt securities and the Lehman Brothers Global Aggregate Index for international debt securities. The index range at December 31, 2004, was 3.26 – 5.43 for domestic debt securities and 2.53 – 7.59 for international debt securities. At December 31, 2004, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2004, the following tables show the investments by investment type, amount and the effective weighted duration rate.

Pension Trust Funds
Debt Securities Investments, Domestic
(Expressed in Thousands)

Investment	Fair Value	Effective Weighted Duration
Asset backed securities	\$ 139,996	1.43
Commercial mortgage backed securities	81,393	3.54
Corporate bonds	539,756	4.51
Corporate convertible bonds	2,174	0.15
Fixed income options, Futures, and swaps	402,088	5.63
Fixed income derivatives		
offsets	(403,142)	NA
Government agencies	85,249	3.04
Government bonds	737,099	6.30
Government mortgage backed securities	1,005,695	3.27
Index linked government bonds	142,595	8.19
Municipal/provincial bonds	2,856	8.92
Non-government backed C.M.O.'s	134,976	3.03
Other fixed income	2,999	NA
Pooled debt securities	710,436	NA
Total debt securities investments, domestic	<u>\$ 3,584,170</u>	4.66

Pension Trust Funds
Debt Securities Investments, International
(Expressed in Thousands)

Investment	Fair Value	Effective Weighted Duration
Asset backed securities	\$ 11,572	3.86
Commercial mortgage backed securities	10,061	3.49
Corporate bonds	342,467	5.01
Government agencies	19,802	4.31
Government bonds	424,765	5.50
Government mortgage backed securities	40,556	3.25
Index linked government bonds	1,625	0.00
Municipal/provincial bonds	6,412	6.46
Non-government backed C.M.O.'s	23,368	10.52
Total debt securities investments, international	<u>\$ 880,628</u>	5.35

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of the Utah Retirement Systems (URS), follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2005, with the exception of URS, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Primary Government Rated Debt Investments
(except Pension Trust Funds)
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings				
		AAA	AA	A	BBB	BB
U.S. Agencies	\$ 2,360,343	\$ 2,188,005	\$ —	\$ 170,665	\$ —	\$ —
Corporate Debt	\$ 3,915,973	\$ 211,623	\$ 709,649	\$ 2,685,486	\$ 271,282	\$ 37,933
Negotiable Certificates of Deposit	\$ 302,632	\$ —	\$ —	\$ 272,735	\$ 29,897	\$ —
Money Market Mutual Fund	\$ 193,578	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial Paper	\$ 131,365	\$ —	\$ —	\$ —	\$ —	\$ —
Bond Mutual Fund	\$ 380,930	\$ —	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:						
U.S. Agencies	\$ 17,715	\$ 17,715	\$ —	\$ —	\$ —	\$ —

Continues Below

Debt Investments	Quality Ratings	
	A1 *	Unrated
U.S. Agencies	\$ —	\$ 1,673
Corporate Debt	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —
Money Market Mutual Fund	\$ —	\$ 193,578
Commercial Paper	\$ 131,365	\$ —
Bond Mutual Fund	\$ —	\$ 380,930
Repurchase Agreements – Underlying:		
U.S. Agencies	\$ —	\$ —

* A1 is Commercial Paper rating

The Utah Retirement Systems (URS) expects its domestic debt securities investment managers to maintain diversified portfolios by sector using the following guidelines:

- U.S. government and agency securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of “A” (S&P) or equivalent rating.
- Securities with a quality rating of BBB- and below are considered below investment grade. No more than 5 percent of an investment manager’s assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar denominated bonds.

Upon approval, the international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB- or Moody’s index Baa3). The remaining assets shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2004, was AA and the fair value of below grade investments was \$18.102 million or 0.6 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2004, was AA- and the fair value of below grade investments was \$44.467 million or 5.79 percent of the international portfolio.

The following table presents the URS ratings as of December 31, 2004:

Pension Trust Funds
Debt Securities Investments at Fair Value
(Expressed in Thousands)

Quality Rating	Domestic	International	Total
AAA	\$ 918,837	\$ 426,690	\$ 1,345,527
AA+	16,022	7,326	23,348
AA	17,510	7,866	25,376
AA-	58,679	69,349	128,028
A+	57,510	11,851	69,361
A	69,726	34,696	104,422
A-	47,167	43,636	90,803
BBB+	44,011	31,646	75,657
BBB	77,201	41,823	119,024
BBB-	79,349	41,267	120,616
BB+	13,946	2,452	16,398
BB-	3,148	668	3,816
B+	—	80	80
NR	1,008	—	1,008
Total credit risk debt securities	1,404,114	719,350	2,123,464
U.S. Government and Agencies**	1,409,587	49,154	1,458,741
Pooled investments*	770,469	112,124	882,593
Total debt securities investments	\$ 3,584,170	\$ 880,628	\$ 4,464,798

* Ratings of pooled investments were unavailable.

** Approximately 54 percent of this category is debt securities of U.S. Agencies rated AAA or equivalent.

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government’s investments at June 30, 2005, except those of the Utah Retirement Systems, were held by the State or in the State’s name by the State’s custodial banks; except \$27.735 million of repurchase agreements where the underlying securities were uninsured and held by the investment’s counterparty, not in the name of the State.

At December 31, 2004, the Utah Retirement Systems (URS) debt securities investments were registered in the name of URS and were held in the possession of the URS custodial bank, The Northern Trust Company.

Concentration of Credit Risk—Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

Except for the Utah Retirement Systems (pension trust funds), the primary government’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Funds that follow Rule 2 of the Money Management Council are limited to investments in equity securities and fixed income corporate securities to no more than 5 percent of all funds in any one issuer and no more than 25 percent of all funds in any one industry. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had debt securities investments at June 30, 2005, with more than 5 percent of the total investments in securities of the Federal Home Loan Bank and the Federal Home Loan Mortgage Corporation. These investments represented 20.2 percent and 11.5 percent, respectively, of investments subject to concentration of credit risk.

The Utah Retirement Systems debt securities investments had no single issuer investments that exceed their portfolio investment guidelines by sector and by issuer as follows:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager’s assets at market with a single issuer.
- AA/Aa Debt Securities — no more than 4 percent of an investment manager’s assets at market with a single issuer.
- A/A Debt Securities — no more than 3 percent of an investment manager’s assets at market with a single issuer.
- BBB/Baa Debt Securities — no more than 2 percent of an investment manager’s assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.

- For Domestic Equity Securities — no more than 4 percent of an investment manager's assets at market with a single issuer.
- For International Equity Securities — no more than 8 percent of an investment manager's assets at market with a single issuer.

Foreign Currency Risk—Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The primary government, except the Utah Retirement Systems (pension trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has \$52.007 million and the Trust Lands (permanent fund) has \$94.416 million invested in international equity funds. As such, no currency denomination is presented.

The Utah Retirement Systems (URS) manage their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. The URS exposure to foreign currency risk is presented on the following table.

Pension Trust Funds
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2004
(Expressed in Thousands)

Currency	Short Term	Debt	Equity	Total
Argentine peso	\$ —	\$ 195	\$ 3,105	\$ 3,300
Aruban guilder	—	1,616	—	1,616
Australian dollar	(4,745)	3,084	48,774	47,113
Brazilian real	—	—	14,507	14,507
Bulgarian lev	—	300	—	300
Canadian dollar	340	10,018	46,570	56,928
Cayman Islands dollar	—	9,380	1,318	10,698
Chilean peso	—	1,353	576	1,929
Danish krone	—	13,422	22,960	36,382
El Salvador colon	—	—	347,801	347,801
Estonia kroon	—	—	3,077	3,077
Ethiopian birr	17,135	—	546,097	563,232
Euro	—	229,815	641,597	871,412
Hong Kong dollar	1,251	—	31,919	33,170
Indian rupee	—	—	5,276	5,276
Japanese yen	(1,084)	56,220	540,525	595,661
Kazakhstan tenge	—	581	374	955
Mexican peso	178	4,572	5,509	10,259
Netherlands Antillian guilder	—	58,191	167,557	225,748
New Jersey dollar	—	—	3,412	3,412
New Taiwan dollar	799	—	11,909	12,708
New Zealand dollar	73	1,865	6,216	8,154
Norwegian krone	—	2,421	9,962	12,383
Panamanian balboa	—	—	3,524	3,524
Poland zloty	—	1,637	—	1,637
Pound sterling	(51,688)	73,441	531,158	552,911
Qatari rial	—	252	—	252
Russian ruble	—	—	1,803	1,803
Singapore dollar	107	3,621	17,879	21,607
South African rand	—	—	1,444	1,444
South Korean won	—	4,176	48,710	52,886
Swedish krona	(367)	28,311	52,769	80,713
Swiss franc	—	—	242,598	242,598
Venezuelan bolivar	—	—	3,655	3,655
International equity mutual fund (various currencies)	—	—	187,830	187,830
Total Securities subject to foreign currency risk	(38,001)	504,471	3,550,411	4,016,881
United States dollars (securities held by international investment managers)	107,096	376,157	12,294	495,547
Total international investment securities	\$ 69,095	\$ 880,628	\$ 3,562,705	\$ 4,512,428

B. COMPONENT UNITS**Custodial Credit Risk—Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the component unit's deposits may not be recovered.

The component units follow the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the component units at June 30, 2005, were \$201,699 million. Of these, \$191,260 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The component units follow the applicable investing criteria

described above for the primary government, with the exception of Utah Housing Corporation and Public Employees Health Program which are exempt from the Money Management Act.

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to Rule 2 of the Money Management Council. As of May 2, 2005, State law changed allowing college and university endowment funds to be invested in accordance with the State Board of Regents default investment guidelines or in accordance with policies adopted by the institutions' board of trustees and approved by the State Board of Regents. For the period ending June 30, 2005, the State Board of Regents has required all institutions to continue investing endowment funds in accordance with Rule 2 of the Money Management Council.

The component units' investments at June 30, 2005, are presented below.

Component Units Investments
(Expressed in Thousands)

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>					
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1–5</u>	<u>6–10</u>	<u>11–20</u>	<u>More Than 20</u>
<u>Debt Securities</u>						
U.S. Treasuries.....	\$ 156,978	\$ 56,752	\$ 98,687	\$ 1,106	\$ 433	\$ —
Government National Mortgage Association.....	26	—	—	—	—	26
U.S. Agencies	468,682	79,015	209,725	18,524	154,096	7,322
Corporate Debt	45,096	11,413	11,625	17,115	1,325	3,618
Money Market Mutual Funds	213,831	208,065	508	5,258	—	—
Negotiable Certificates of Deposit.....	1,507	888	619	—	—	—
Municipal/Public Bonds	5,647	75	2,645	2,092	835	—
Repurchase Agreements.....	17,276	15,140	—	—	53	2,083
Guaranteed Investment Contracts	282,869	242,885	3,963	—	36,021	—
Bond Mutual Funds	17,512	—	13,062	4,450	—	—
Securities Lending Cash Collateral Pool	42,345	42,345	—	—	—	—
Utah Public Treasurer's Investment Fund.....	727,302	727,302	—	—	—	—
	<u>1,979,071</u>	<u>\$ 1,383,880</u>	<u>\$ 340,834</u>	<u>\$ 48,545</u>	<u>\$ 192,763</u>	<u>\$ 13,049</u>
<u>Other Investments</u>						
Equity Securities:						
Domestic	44,723					
International.....	386					
Equity Mutual Funds Securities:						
Domestic	274,725					
Mutual Fund – Real Estate.....	1,426					
Hedge Funds.....	42,925					
Venture Capital Funds.....	3,752					
Total.....	<u>\$ 2,347,008</u>					

Interest Rate Risk—Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units' policy for managing interest rate risk is the same as described above for the primary government.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policy for reducing exposure to investment credit risk is the same as described above for the primary government. The component units' debt investments as of June 30, 2005, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Component Units Rated Debt Investments
(Expressed in Thousands)

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
U.S. Agencies	\$ 468,682	\$ 468,680	\$ —	\$ —	\$ —
Corporate Debt	\$ 45,096	\$ 2,065	\$ 1,036	\$ 20,606	\$ 15,619
Money Market Mutual Funds	\$ 213,831	\$ 15,794	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	\$ 1,507	\$ —	\$ —	\$ —	\$ —
Municipal/Public Bonds	\$ 5,647	\$ 5,647	\$ —	\$ —	\$ —
Guaranteed Investment Contracts	\$ 282,869	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds	\$ 17,512	\$ —	\$ —	\$ —	\$ —
Securities Lending Cash Collateral Pool	\$ 42,345	\$ —	\$ —	\$ —	\$ —
Utah Public Treasurer's Investment Fund	\$ 727,302	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	\$ 2,304	\$ 2,304	\$ —	\$ —	\$ —
Money Market Mutual Funds	\$ 14,919	\$ —	\$ —	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	<u>Quality Ratings</u>	
	<u>BB</u>	<u>Unrated</u>
U.S. Agencies	\$ —	\$ 2
Corporate Debt	\$ 4,726	\$ 1,044
Money Market Mutual Funds	\$ —	\$ 198,037
Negotiable Certificates of Deposit	\$ —	\$ 1,507
Municipal/Public Bonds	\$ —	\$ —
Guaranteed Investment Contracts	\$ —	\$ 282,869
Bond Mutual Funds	\$ —	\$ 17,512
Securities Lending Cash Collateral Pool	\$ —	\$ 42,345
Utah Public Treasurer's Investment Fund	\$ —	\$ 727,302
Repurchase Agreements – Underlying:		
U.S. Agencies	\$ —	\$ —
Money Market Mutual Funds	\$ —	\$ 14,919

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The component units do not have a formal policy for custodial credit risk.

The various component units' investments at June 30, 2005, were held by the component unit or in the name of the component unit by the component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the component unit, and were held by (expressed in thousands):

<u>Counterparty</u>	
U.S. Treasuries	\$ 99,962
U.S. Agencies	\$ 91,096
Corporate Debt	\$ 9
Repurchase Agreements	\$ 9,329

Counterparty's Trust Department or Agent

U.S. Agencies	\$ 8,016
Corporate Debt	\$ 11,570
Municipal/Public Bonds	\$ 266
Repurchase Agreements	\$ 7,290
Equity Securities	\$ 5,119

Concentration of Credit Risk—Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for Utah Housing Corporation, the component units' policy for reducing this risk of loss is the same as described above for the primary government.

The Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than five percent of the Corporation's investments are in Trinity Guaranteed Investment Contracts, CDC Guaranteed Investment Contracts, the Federal National Mortgage Association, and Transamerica Guaranteed Investment Contracts. These investments are 15.30 percent, 10.09 percent, 8.97 percent, and 5.63 percent, respectively, of the Corporation's total investments.

C. Securities Lending

The Utah Retirement Systems (pension trust funds) and the Public Employees Health Program (component unit) participate in security lending programs as authorized by their Boards. The types of securities lent are U.S. government securities, equity securities, and corporate bonds and notes. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and

irrevocable bank letters of credit equal to 102 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. There are no restrictions on the amount of loans that can be made. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in both state entities' financial records. Corresponding liabilities for collateral received are recorded at the fair value.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were \$2.31 billion and \$41.437 million, respectively, and the collateral received for those securities on loan was \$2.369 billion and \$42.894 million (includes \$538 thousand of non-cash collaterals), respectively, with carrying amount and fair value being the same. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

D. Derivative Financial Instruments

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension trust funds) invests in derivative financial investments as authorized by Board policy. The derivatives are reported at their fair values on the statement of net assets. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from the performance of some agreed upon benchmark. At December 31, 2004, URS had four types of derivative financial investments: futures, currency forwards, options, and swaps.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded), thereby minimizing URS's credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Net Assets. At December 31, 2004, URS investments had the following futures balances (expressed in millions):

	Value Covered By Contract
Long-cash and cash equivalent futures	\$ 459.956
Long-equity futures	\$ 468.719
Short-equity futures	\$ (298.808)
Long-debt securities futures	\$ 539.312
Short-debt securities futures	\$ 136.170

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At December 31, 2004, URS investments included the following currency forwards balances (expressed in billions):

Currency forwards (<i>pending foreign exchange purchases</i>)	\$ 1.206
Currency forwards (<i>pending foreign exchange sales</i>)	\$ (1.218)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specific period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2004, URS investments had the following options balances (expressed in thousands):

	Value Covered By Contract
Cash and cash equivalent purchased call options	\$ 933
Cash and cash equivalent purchased put options	\$ 400
Fixed income written put options	\$ (897)
Fixed income written call options	\$ (157)

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At the end of the year, URS had two different types of swap arrangements: interest rate swaps and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed URS to convert their long term variable interest rate credit facility loans into fixed interest rate loans. The credit default swaps protects the rental cash flows on one of URS real estate investments in case the major tenant defaults on its lease contract. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Net Assets. At December 31, 2004, URS investments had the following swap market value balances:

Utah Retirement Systems
Interest Rate Swaps
December 31, 2004
(Expressed in Thousands)

	Outstanding Notational Amount*	Interest Rate**	Maturity Date	Fair Value
<u>Interest Rate Swaps</u>				
Morgan Stanley Interest Rate Swap	\$ 32,600	5.162% – 3 month LIBOR	8/15/2015	\$ (897)
Morgan Stanley Interest Rate Swap	20,000	4.447% – LIBOR	10/20/2014	45
Morgan Stanley Interest Rate Swap	37,000	4.406% – LIBOR	11/01/2014	174
Morgan Stanley Interest Rate Swap	120,000	4.163% – LIBOR	12/01/2007	75
Morgan Stanley Interest Rate Swap	38,000	3.4675% – LIBOR	11/02/2007	55
Total	<u>\$ 247,600</u>			<u>\$ (548)</u>
<u>Credit Facility Swaps</u>				
Morgan Stanley Credit Default Swaps	<u>\$ 111,000</u>		9/29/2008	<u>\$ (1,166)</u>

* Base used to calculate interest

** London Interbank Offered Rate

Utah Housing Corporation

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major component unit).

Objective — In order to protect against the potential of rising interest rates, the Corporation has entered into 50 separate pay-fixed, receive-variable interest rate swaps and one interest rate cap agreement as of June 30, 2005. The cost of these swaps is less than what the Corporation would have paid to issue fixed rate debt. The Corporation's swaps are all similar in nature and summary information is included in this report. More detailed information

about each swap is included in the Corporation's separately issued financial statements.

Terms, Fair Values, and Credit Risk — The terms, including the fair values of the outstanding swaps as of June 30, 2005, are summarized below. The notional amounts of the swaps match the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

Utah Housing Corporation
Interest Rate Swap and Cap Agreements
June 30, 2005
(Expressed in Thousands)

Outstanding Notational Amount	Issue Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Termination Dates
<u>Interest Rate Swap Agreements</u>					
\$ 79,910	2000–2002	4.640% to 7.760%	LIBOR* plus .15%	\$ (7,194)	2006–2021
462,220	2000–2005	3.939% to 5.610%	BMA** plus .27%	(47,259)	2021–2028
<u>\$ 542,130</u>				<u>\$ (54,453)</u>	
<u>Interest Rate Cap Agreements</u>					
\$ 1,955	2005	1.02%	Excess of BMA ** over 5.73%	<u>\$ (139)</u>	2027

* London Interbank Offered Rate

** The Bond Market Association Municipal Swap Index

Fair Values — Because interest rates have declined, all swaps had a negative fair value to the Corporation as of June 30, 2005. The negative fair values are a function of declining interest rates and the remaining term on the swap contracts. Because the coupons on the Corporation's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. However, bond proceeds were used to acquire fixed rate mortgage loans, which support the fixed payer rate on the swaps. Although these mortgage loans do have higher than current market interest rates, they have not been adjusted for fair value on the financial statements.

The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk — As of June 30, 2005, the Corporation was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the Corporation would be exposed to credit risk in the amount of the derivatives' fair value. The Corporation executes swap transactions with two counterparties, Lehman Brothers Financial Products, Inc. and Lehman Brothers Derivative Products, Inc. Both counterparties are rated AAA/Aaa.

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments are equivalent to the BMA rate. Its taxable variable-rate bond coupon payments are equivalent to the LIBOR rate. The Corporation is therefore not exposed to basis risk except as disclosed below under Tax Risk/Cross-over.

Tax Risk / Cross-over — Nineteen of the Corporation's BMA based swaps are exposed to basis risk should Congress or other federal branches of government propose or pass legislation (a "Tax Event"), that causes the relationship between LIBOR and BMA to exceed 75 percent for a continuous period of 180 days. If these two triggers occur, the result would be that the swap provider would pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. In addition, two of the Corporation's BMA based Cross-over Swaps are also exposed to basis risk if the LIBOR rate is 3.5 percent or greater. When the LIBOR rate is 3.5 percent or greater, the provider will pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. As of June 30, 2005, no "Tax Event" or "Cross-over Event" has occurred.

Termination Risk — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract.

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2005, the Corporation's swap termination dates ranged from 7 to 24 years prior to the maturity dates of the associated debt.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2005, are as follows:

Public Treasurer's Investment Fund**Statement of Net Assets****June 30, 2005***(Expressed in Thousands)***Assets**

Cash and Cash Equivalents	\$ 328,066
Investments	6,570,300
Interest Receivable	28,139
Net Assets	<u>\$ 6,926,505</u>

Net Assets Consist of:

External Participant Account Balances	\$ 3,989,260
Internal Participant Account Balances:	
Primary Government	2,189,976
Component Units	726,936
Undistributed Reserves and Unrealized Gains/Losses	20,333
Net Assets	<u>\$ 6,926,505</u>

Participant Account Balance Net Asset Valuation Factor	<u>1.000154</u>
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Public Treasurer's Investment Fund**Statement of Changes in Net Assets****For the Fiscal Year Ended June 30, 2005***(Expressed in Thousands)***Additions**

Pool Participant Deposits	\$ 9,987,451
Investment Income:	
Investment Earnings	157,520
Fair Value Increases (Decreases)	(3,053)
Total Investment Income	154,467
Less Administrative Expenses	(142)
Net Investment Income	154,325
Total Additions	<u>10,141,776</u>

Deductions

Pool Participant Withdrawals	8,941,997
Earnings Distributions	158,440
Total Deductions	<u>9,100,437</u>
Net Increase From Operations	<u>1,041,339</u>

Net Assets

Beginning of Year	5,885,166
Net Assets – End of Year	<u>\$ 6,926,505</u>

**Public Treasurer's Investment Fund
Portfolio Statistics**

June 30, 2005

	Range of Yields	Weighted Average Maturity
Money Market Mutual Fund	3.02%	59 days
Certificates of Deposit.....	3.14% – 3.54%	33.58 days
U.S. Agencies	2.50% – 4.00%	66.04 days
Corporate Bonds and Notes.....	2.22% – 4.36%	58.33 days
Commercial Paper.....	3.09% – 3.41%	21.42 days

June 30, 2005

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund.....	3.18%	56.89 days

Deposits and Investments

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2005, were \$34.585 million. Of those, \$34.200 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2005, are presented below.

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

Public Treasurer's Investment Fund Investments
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1–5
<u>Debt Securities</u>			
U.S. Agencies	\$ 2,347,413	\$ 2,337,413	\$ 10,000
Corporate Bonds and Notes.....	3,912,705	3,912,705	—
Negotiable Certificates of Deposit ..	302,632	302,632	—
Money Market Mutual Fund	190,000	190,000	—
Commercial Paper.....	119,988	119,988	—
	<u>\$ 6,872,738</u>	<u>\$ 6,862,738</u>	<u>\$ 10,000</u>

The majority of the PTIF's U.S. agencies and corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

U.S. agency debt securities of \$2.1 billion of the PTIF reset periodically and have a maximum maturity out to four years. The securities "step up" to higher interest rates at levels determined at the time of purchase. These securities are callable at par and may be called on a quarterly basis, or will mature at par if held to maturity. In the event that current market interest rates were to exceed the predetermined rates, the fair value of the securities would be impacted. Of the securities of this type held at June 30, 2005, none had predetermined interest rates below the current market rate. The above table reflects periodic interest rate adjustment dates that the securities can reasonably be expected to have market values that approximate their amortized cost values.

Interest Rate Risk—Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2005, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Public Treasurer's Investment Fund Rated Debt Investments (Expressed in Thousands)

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
U.S. Agencies	\$ 2,347,413	\$ 2,176,748	\$ —	\$ 170,665	\$ —
Corporate Bonds and Notes	\$ 3,912,705	\$ 209,824	\$ 709,649	\$ 2,684,018	\$ 271,282
Negotiable Certificates of Deposit	\$ 302,632	\$ —	\$ —	\$ 272,735	\$ 29,897
Money Market Mutual Fund	\$ 190,000	\$ —	\$ —	\$ —	\$ —
Commercial Paper	\$ 119,988	\$ —	\$ —	\$ —	\$ —

Continues Below

<u>Rated Debt Investments</u>	<u>Quality Ratings</u>		
	<u>BB</u>	<u>A1 *</u>	<u>Not Rated</u>
U.S. Agencies	\$ —	\$ —	\$ —
Corporate Bonds and Notes	\$ 37,932	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —	\$ —
Money Market Mutual Fund	\$ —	\$ —	\$ 190,000
Commercial Paper	\$ —	\$ 119,988	\$ —

* A1 is Commercial Paper rating

Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total

dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had debt securities investments at June 30, 2005, with more than 5 percent of the total investments in Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments represented 20.2 percent and 11.4 percent, respectively, of total investments.

NOTE 5. RECEIVABLES

Receivables as of June 30, 2005, consisted of the following (in thousands):

	Accounts Receivable					Notes/ Mortgages
	Federal	Customer	Other	Interest	Taxes	
Governmental Activities:						
General Fund	\$ 189,755	\$ 228,267	\$ 534	\$ 42	\$ 266,523	\$ 10,227
Uniform School Fund	36,599	1,354	1	—	465,814	3,783
Transportation Fund.....	37,624	118	6,386	—	59,070	376
Centennial Highway Fund	18,946	—	—	—	776	—
Trust Lands	—	—	17,115	1,478	—	4,800
Nonmajor Funds	677	2,463	—	81	—	155
Internal Service Funds	—	2,602	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	160	—	—	—
Total Receivables.....	<u>283,601</u>	<u>234,804</u>	<u>24,196</u>	<u>1,601</u>	<u>792,183</u>	<u>19,341</u>
Less Allowance for Uncollectibles:						
General Fund	—	(58,233)	—	—	(16,651)	(1,276)
Uniform School Fund	—	—	—	—	(81,127)	—
Transportation Fund.....	—	—	(200)	—	(841)	—
Centennial Highway Fund	—	—	—	—	(48)	—
Internal Service Funds	—	(131)	—	—	—	—
Receivables, net.....	<u>\$ 283,601</u>	<u>\$ 176,440</u>	<u>\$ 23,996</u>	<u>\$ 1,601</u>	<u>\$ 693,516</u>	<u>\$ 18,065</u>
Current Receivables.....	\$ 283,601	\$ 154,180	\$ 7,671	\$ 1,601	\$ 652,140	\$ 6,228
Noncurrent Receivables	—	22,260	16,325	—	41,376	11,837
Total Receivables, net	<u>\$ 283,601</u>	<u>\$ 176,440</u>	<u>\$ 23,996</u>	<u>\$ 1,601</u>	<u>\$ 693,516</u>	<u>\$ 18,065</u>
Business-type Activities:						
Student Assistance Programs	\$ 17,872	\$ 462	\$ —	\$ 15,029	\$ —	\$ 1,457,267
Unemployment Compensation	119	87,057	—	—	—	—
Water Loan Programs	—	133	—	8,393	—	475,026
Nonmajor Funds	—	6,776	238	3,447	—	251,987
Total Receivables.....	<u>17,991</u>	<u>94,428</u>	<u>238</u>	<u>26,869</u>	<u>—</u>	<u>2,184,280</u>
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(2,981)
Unemployment Compensation	—	(11,764)	—	—	—	—
Water Loan Programs	—	—	—	—	—	—
Receivables, net.....	<u>\$ 17,991</u>	<u>\$ 82,664</u>	<u>\$ 238</u>	<u>\$ 26,869</u>	<u>\$ —</u>	<u>\$ 2,181,299</u>

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2005, were \$1.251 billion for major component units and \$71.865 million for nonmajor component units, net of an allowance for doubtful accounts of \$45.46 million and \$3.737 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2005, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds	Interest	Total
Governmental Activities:							
General Fund.....	\$ 70,550	\$ 185,159	\$ 25,899	\$ 70,822	\$ 9,121	\$ —	\$ 361,551
Uniform School Fund.....	2,903	1,548	5,087	32,625	17,243	—	59,406
Transportation Fund.....	8,308	168	51,983	48,074	3,602	—	112,135
Centennial Highway Fund.....	—	—	162	—	—	—	162
Trust Lands Permanent Fund	—	—	362	—	—	—	362
Nonmajor Funds.....	69	—	20,041	134	—	37,505	57,749
Internal Service Funds.....	2,301	—	8,562	212	—	10	11,085
Adjustments:							
Fiduciary Funds.....	—	—	—	1,148	—	—	1,148
Other	—	—	—	—	—	1,637	1,637
Total Governmental Activities.....	<u>\$ 84,131</u>	<u>\$ 186,875</u>	<u>\$ 112,096</u>	<u>\$ 153,015</u>	<u>\$ 29,966</u>	<u>\$ 39,152</u>	<u>\$ 605,235</u>
Business-type Activities:							
Student Assistance Programs.....	\$ 1,000	\$ —	\$ 7,955	\$ 1,570	\$ —	\$ 6,021	\$ 16,546
Unemployment Compensation	—	1,271	—	13	—	—	1,284
Water Loan Programs.....	—	—	173	—	—	—	173
Nonmajor Funds.....	1,539	—	10,402	—	—	183	12,124
Adjustments:							
Fiduciary Funds.....	—	—	—	123	—	—	123
Total Business-type Activities	<u>\$ 2,539</u>	<u>\$ 1,271</u>	<u>\$ 18,530</u>	<u>\$ 1,706</u>	<u>\$ 0</u>	<u>\$ 6,204</u>	<u>\$ 30,250</u>

Accounts payable and accrued liability balances are an aggregation of amounts due to: (1) state employees for salaries/benefits; (2) service providers for childcare, job services and health services; (3) vendors and miscellaneous suppliers; (4) local and federal governments for services; (5) individuals and others as a result of tax overpayments; and (6) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

NOTE 7. INTERFUND BALANCES AND LOANS**Interfund Balances**

Interfund balances at June 30, 2005, consisted of the following (in thousands):

Due to General Fund from:

Uniform School Fund	\$ 263
Transportation Fund	1,519
Trust Lands Fund	25
Nonmajor Governmental Funds	696
Unemployment Compensation Fund	3,921
Water Loan Programs	82
Nonmajor Enterprise Funds	8,297
Internal Service Funds	4,335
Fiduciary Funds	149

Total due to General Fund from other funds \$ 19,287

Due to Uniform School Fund from:

General Fund	549
Trust Lands Fund	31
Unemployment Compensation Fund	234
Nonmajor Enterprise Funds	1,533
Internal Service Funds	48

Total due to Uniform School Fund from other funds \$ 2,395

Due to Transportation Fund from:

General Fund	137
Uniform School Fund	1
Nonmajor Governmental Funds	17
Nonmajor Enterprise Funds	5
Internal Service Funds	185

Total due to Transportation Fund from other funds \$ 345

Due to Trust Lands Fund from

Nonmajor Enterprise Funds	<u>\$ 1,659</u>
---------------------------------	-----------------

Due to Nonmajor Governmental Funds from:

General Fund	931
Nonmajor Governmental Funds	30
Nonmajor Enterprise Funds	459
Internal Service Funds	250
Fiduciary Funds	3

Total due to Nonmajor Governmental Funds from other funds \$ 1,673

Due to Water Loan Programs from:

General Fund	10
Trust Lands Fund	22

Total due to Water Loan Programs from other funds \$ 32

Due to Nonmajor Enterprise Funds from:

General Fund	\$ 621
Uniform School Fund	19
Transportation Fund	126
Nonmajor Governmental Funds	8,839
Water Loan Programs	5
Internal Service Funds	1

Total due to Nonmajor Enterprise Funds from other funds \$ 9,611

Due to Internal Service Funds from:

General Fund	8,942
Uniform School Fund	368
Transportation Fund	2,546
Nonmajor Governmental Funds	1,399
Nonmajor Enterprise Funds	139
Internal Service Funds	187
Fiduciary Funds	8

Total due to Internal Service Funds from other funds \$ 13,589

Due to Fiduciary Funds from:

General Fund	1,133
Transportation Fund	5
Trust Lands Fund	10
Nonmajor Enterprise Funds	123

Total due to Fiduciary Funds from other funds \$ 1,271

Total Due to/Due froms \$ 49,862

These balances resulted from the time lags between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

Interfund Loans

Interfund loans at June 30, 2005, consisted of the following (in thousands):

Payable to General Fund from Internal Service Funds \$ 32,520

Payable to Uniform School Fund from Internal Service Fund 13

Payable to Nonmajor Enterprise Funds from Internal Service Funds 40

Total Interfund Loans Receivable/Payable \$ 32,573

The interfund loans receivable/payable balances consist of revolving loans with Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$32.520 million includes \$14.893 million that is not expected to be repaid within one year.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	\$ 721,635	\$ 22,704	\$ (362)	\$ 743,977
Infrastructure	7,262,468	315,728	(32,847)	7,545,349
Construction-In-Progress	683,140	398,312	(487,353)	594,099
Total Capital Assets not being Depreciated	<u>8,667,243</u>	<u>736,744</u>	<u>(520,562)</u>	<u>8,883,425</u>
Capital Assets being Depreciated:				
Buildings and Improvements	1,021,457	157,622	(1,087)	1,177,992
Infrastructure	30,873	2,338	—	33,211
Machinery and Equipment	431,694	37,879	(22,598)	446,975
Total Capital Assets being Depreciated	<u>1,484,024</u>	<u>197,839</u>	<u>(23,685)</u>	<u>1,658,178</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(337,815)	(30,687)	500	(368,002)
Infrastructure	(4,573)	(1,433)	—	(6,006)
Machinery and Equipment	(284,406)	(40,626)	18,078	(306,954)
Total Accumulated Depreciation	<u>(626,794)</u>	<u>(72,746)</u>	<u>18,578</u>	<u>(680,962)</u>
Total Capital Assets being Depreciated, Net	<u>857,230</u>	<u>125,093</u>	<u>(5,107)</u>	<u>977,216</u>
Capital Assets, Net	<u>\$ 9,524,473</u>	<u>\$ 861,837</u>	<u>\$ (525,669)</u>	<u>\$ 9,860,641</u>
Business-type Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	\$ 17,235	\$ 5,501	\$ (422)	\$ 22,314
Construction-In-Progress	—	479	—	479
Total Capital Assets not being Depreciated	<u>17,235</u>	<u>5,980</u>	<u>(422)</u>	<u>22,793</u>
Capital Assets being Depreciated:				
Buildings and Improvements	44,833	447	(1,456)	43,824
Infrastructure	—	204	—	204
Machinery and Equipment	11,943	2,418	(470)	13,891
Total Capital Assets being Depreciated	<u>56,776</u>	<u>3,069</u>	<u>(1,926)</u>	<u>57,919</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,018)	(1,053)	16	(8,055)
Infrastructure	—	(49)	—	(49)
Machinery and Equipment	(9,267)	(1,442)	255	(10,454)
Total Accumulated Depreciation	<u>(16,285)</u>	<u>(2,544)</u>	<u>271</u>	<u>(18,558)</u>
Total Capital Assets being Depreciated, Net	<u>40,491</u>	<u>525</u>	<u>(1,655)</u>	<u>39,361</u>
Capital Assets, Net	<u>\$ 57,726</u>	<u>\$ 6,505</u>	<u>\$ (2,077)</u>	<u>\$ 62,154</u>

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities (component units) that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and “transferred” to the colleges and universities. For fiscal year 2005, \$18.536 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building “transfers” are reported as higher education expenses of governmental activities and as program revenues of component units.

Amounts in the beginning balances column of governmental activities have been adjusted by a net increase of \$2.724 million as follows: Buildings and improvements were increased by \$14.238 million; machinery and equipment was decreased by \$0.7 million. The related accumulated depreciation was increased by \$10.814 million. These adjustments corrected beginning balances as described in Note 2.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government.....	\$ 28,057
Human Services and Youth Corrections	436
Corrections, Adult.....	695
Public Safety.....	3,086
Courts	791
Health and Environmental Quality	1,603
Employment and Family Services	1,217
Natural Resources.....	6,042
Community and Economic Development	142
Business, Labor, and Agriculture	630
Public Education.....	291
Transportation.....	9,541
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided.....	20,216
Total.....	<u>\$ 72,747</u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands):

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets not being Depreciated:						
Land and Other Assets	\$ 1,472	\$ —	\$ 53,287	\$ 12,783	\$ 57,296	\$ 124,838
Construction-In-Progress	—	—	86,659	38,935	11,889	137,483
Total Capital Assets not being Depreciated ..	<u>1,472</u>	<u>—</u>	<u>139,946</u>	<u>51,718</u>	<u>69,185</u>	<u>262,321</u>
Capital Assets being Depreciated:						
Building and Improvements.....	4,990	—	1,121,664	437,308	963,325	2,527,287
Infrastructure	—	—	131,765	—	37,536	169,301
Machinery and Equipment.....	1,287	4,274	629,567	162,305	162,003	959,436
Total Capital Assets being Depreciated	<u>6,277</u>	<u>4,274</u>	<u>1,882,996</u>	<u>599,613</u>	<u>1,162,864</u>	<u>3,656,024</u>
Less Total Accumulated Depreciation	<u>(1,036)</u>	<u>(3,349)</u>	<u>(928,162)</u>	<u>(265,465)</u>	<u>(430,572)</u>	<u>(1,628,584)</u>
Total Capital Assets being Depreciated, Net.	<u>5,241</u>	<u>925</u>	<u>954,834</u>	<u>334,148</u>	<u>732,292</u>	<u>2,027,440</u>
Discretely Presented Component Units –						
Capital Assets, Net	<u>\$ 6,713</u>	<u>\$ 925</u>	<u>\$ 1,094,780</u>	<u>\$ 385,866</u>	<u>\$ 801,477</u>	<u>\$ 2,289,761</u>

The State had long-term construction project commitments totaling \$283.718 million at June 30, 2005. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Funds (nonmajor governmental funds):

Capital Projects Fund
Construction Project Commitments
(Expressed in Thousands)

Project	Description	Remaining Construction Commitment
02156050	State Capitol Restoration.....	\$ 138,196
02032750	U of U Marriott Library Renovation.....	51,059
03200770	USU – New West Student Housing	21,792
01009750	U of U – Moran Eye Center Ph II.....	17,415
02029770	USU – New Merrill Library	6,401
02026300	New Ogden Regional Center	6,247
01284750	U of U – John & Marva Warnock Building	6,228
04150620	CEU San Juan Library & Health Sciences Building.....	4,782
02243750	U of U – New Museum of Natural History.....	3,542
02042750	U of U – Health Sciences Education Building.....	2,685
03236790	UVSC – Energy Improvements	1,704
04256100	Draper Prison – Vocational Training Center	1,332
04024220	DATC – Roy & Elizabeth Simmons Entrepreneurial Center.....	1,315
04171700	Snow College – Upgrade Boiler	1,155
97097050	State Capitol Remodel Design.....	1,027
—	All Others	18,838
	Total Commitments	<u>\$ 283,718</u>

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were \$1.971 million in principal and \$833 thousand in interest for fiscal year 2005. The

historical cost and accumulated depreciation of the primary government's assets acquired through capital leases were \$26.257 million and \$7.586 million, respectively, as of June 30, 2005.

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2005 were \$25.321 million for the primary government and \$18.635 million for component units. For fiscal year 2004, the operating lease expenditures were \$24.686 million for the primary government and \$16.595 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2005, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

Fiscal Year	Operating Leases			Capital Leases		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2006	\$ 21,221	\$ 29,631	\$ 50,852	\$ 2,518	\$ 15,474	\$ 17,992
2007	16,616	27,334	43,950	2,548	13,122	15,670
2008	12,278	25,507	37,785	2,611	11,725	14,336
2009	8,951	23,404	32,355	2,186	24,085	26,271
2010	4,284	18,662	22,946	2,246	6,578	8,824
2011–2015	8,855	81,354	90,209	8,114	33,256	41,370
2016–2020	5,338	54,593	59,931	6,586	4,952	11,538
2021–2025	1,573	49,805	51,378	4,198	3,329	7,527
2026–2030	9	88	97	47	—	47
Total Future Minimum Lease Payments	<u>\$ 79,125</u>	<u>\$ 310,378</u>	<u>\$ 389,503</u>	31,054	112,521	143,575
Less Amounts Representing Interest				(10,123)	(21,382)	(31,505)
Present Value of Future Minimum Lease Payments	<u>\$ 20,931</u>			<u>\$ 20,931</u>	<u>\$ 91,139</u>	<u>\$ 112,070</u>

NOTE 10. LONG-TERM LIABILITIES**A. Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2005, are presented in the following schedule. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities (Expressed in Thousands)					
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 1,510,160	\$ 140,635	\$ (136,285)	1,514,510	\$ 137,120
State Building Ownership Authority					
Lease Revenue Bonds	335,941	42,622	(69,665)	308,898	15,672
Net Unamortized Premiums	108,594	12,110	(19,309)	101,395	—
Deferred Amount on Refunding	(26,966)	(2,102)	3,707	(25,361)	—
Capital Leases (Note 9)	22,902	—	(1,971)	20,931	1,287
Contracts Payable	8,000	527	—	8,527	304
Compensated Absences (Notes 1 and 17)	139,594	59,813	(59,378)	140,029	65,531
Claims	40,423	11,250	(7,000)	44,673	11,223
Total Governmental Long-term Liabilities	<u>\$ 2,138,648</u>	<u>\$ 264,855</u>	<u>\$ (289,901)</u>	<u>\$ 2,113,602</u>	<u>\$ 231,137</u>
Business-type Activities					
Revenue Bonds	\$ 1,398,520	\$ 151,080	\$ (4,770)	\$ 1,544,830	\$ 144,920
State Building Ownership Authority					
Lease Revenue Bonds	23,330	13,347	(6,005)	30,672	1,213
Net Unamortized Premiums	237	929	(105)	1,061	—
Deferred Amount on Refunding	—	(492)	28	(464)	—
Claims and Uninsured Liabilities	8,124	140,533	(142,632)	6,025	3,687
Arbitrage Liability (Note 1)	61,766	4,995	(350)	66,411	2,103
Total Business-type Long-term Liabilities	<u>\$ 1,491,977</u>	<u>\$ 310,392</u>	<u>\$ (153,834)</u>	<u>\$ 1,648,535</u>	<u>\$ 151,923</u>
Component Units					
Revenue Bonds	\$ 1,570,060	\$ 433,753	\$ (259,069)	\$ 1,744,744	\$ 137,588
Net Unamortized Premiums/(Discounts)	677	(1,256)	(185)	(764)	(68)
Capital Leases/Contracts Payable (Notes 9 and 10)	75,154	34,282	(12,714)	96,722	13,067
Notes Payable	42,999	4,902	(4,045)	43,856	2,911
Claims	102,706	486,207	(478,172)	110,741	66,041
Leave/Termination Benefits (Note 1)	71,481	45,992	(41,719)	75,754	19,321
Total Component Unit Long-term Liabilities	<u>\$ 1,863,077</u>	<u>\$ 1,003,880</u>	<u>\$ (795,904)</u>	<u>\$ 2,071,053</u>	<u>\$ 238,860</u>

Compensated absences of governmental activities are liquidated in the General Fund, Uniform School Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

Postemployment benefits of the governmental activities were eliminated resulting in a reduction of the beginning governmental long-term liabilities of \$240.538 million. In preparation of implementing GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* for the fiscal year beginning July 1, 2006 (the transition year), the postemployment liability previously included in the governmental activities of the primary government was eliminated. See Note 2.

The long-term liability, contracts payable, was added to governmental activities resulting in an \$8 million increase to the

beginning balance column above. This beginning balance adjustment was due to the reevaluation of a general long-term liability of the primary government. See Note 2.

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2005, the State had \$19.9 million and \$32.4 million of authorized but unissued general obligation building and highway bond authorizations remaining, respectively.

During fiscal year 2005, the State issued \$140.6 million Series 2004 B general obligation bonds. The proceeds were used to

provide funds for certain highway projects and various other construction projects.

General obligation bonds payable consist of the following:

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2005
1997 A-E Highway/Capital Facility Issue.....	07/01/97	2001-2007	4.80% to 5.50%	\$ 200,000	\$ 29,775
1997 F Highway Issue	08/01/97	2001-2007	5.00% to 5.50%	\$ 205,000	49,475
1998 A Highway/Capital Facility Issue	07/07/98	2001-2008	5.00%	\$ 265,000	69,100
2001 B Highway/Capital Facility Issue	07/02/01	2004-2009	4.50%	\$ 348,000	176,575
2002 A Highway/Capital Facility Issue	06/27/02	2003-2011	3.00% to 5.25%	\$ 281,200	167,990
2002 B Refunding Issue.....	07/31/02	2004-2012	3.00% to 5.38%	\$ 253,100	251,065
2003 A Highway/Capital Facility Issue	06/26/03	2005-2013	2.00% to 5.00%	\$ 407,405	315,120
2004 A Refunding Issue.....	03/02/04	2010-2016	4.00% to 5.00%	\$ 314,775	314,775
2004 B Highway/Capital Facility Issue	07/01/04	2005-2019	4.75% to 5.00%	\$ 140,635	140,635
Total General Obligation Bonds Outstanding.....					1,514,510
Plus Unamortized Bond Premium.....					96,699
Less Deferred Amount on Refunding					(23,405)
Total General Obligation Bonds Payable					<u>\$ 1,587,804</u>

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal						
	1997 A-E Highway/Capital Facility	1997 F Highway Bonds	1998 A Highway/Capital Facility	2001 B Highway/Capital Facility	2002A Highway/Capital Facility	2002 B Refunding Bonds	2003 A Highway/Capital Facility
2006.....	\$ 9,350	\$ 15,625	\$ 15,850	\$ 34,900	\$ 45,740	\$ 205	\$ 1,095
2007.....	9,925	16,475	16,775	33,250	48,075	160	7,775
2008.....	10,500	17,375	17,750	34,650	50,575	120	12,825
2009.....	—	—	18,725	36,125	5,525	29,455	59,300
2010.....	—	—	—	37,650	5,750	50,835	61,125
2011-2015	—	—	—	—	12,325	170,290	173,000
2016-2020	—	—	—	—	—	—	—
Total.....	<u>\$ 29,775</u>	<u>\$ 49,475</u>	<u>\$ 69,100</u>	<u>\$ 176,575</u>	<u>\$ 167,990</u>	<u>\$ 251,065</u>	<u>\$ 315,120</u>

Continues Below

Fiscal Year	Principal				
	2004 A Refunding Bonds	2004 B Highway/Capital Facility	Total Principal Required	Total Interest Required	Total Amount Required
2006.....	\$ —	\$ 14,355	\$ 137,120	\$ 67,571	\$ 204,691
2007.....	—	7,785	140,220	60,597	200,817
2008.....	—	6,865	150,660	53,100	203,760
2009.....	—	9,970	159,100	45,845	204,945
2010.....	—	11,180	166,540	37,897	204,437
2011-2015	183,460	67,630	606,705	86,158	692,863
2016-2020	131,315	22,850	154,165	5,268	159,433
Total.....	<u>\$ 314,775</u>	<u>\$ 140,635</u>	<u>\$ 1,514,510</u>	<u>\$ 356,436</u>	<u>\$ 1,870,946</u>

C. Revenue Bonds

Revenue bonds payable consist of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the Utah Housing Corporation, and the various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies. The bonds are secured by the facilities and repayment is made from lease income. The outstanding bonds payable at June 30, 2005, are reported as a long-term liability of the governmental activities, except for \$30.132 million and \$1.089 million which are reported in the Alcoholic Beverage Control Fund, and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

During fiscal year 2005, the average interest rate for the SBOA Series 2001 C variable rate demand lease revenue bonds was 1.84 percent, there is no stated minimum rate, but the maximum rate is 12 percent. The rate on the bond is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the applicable debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 2.4 percent, which was the rate in effect at yearend.

Revenue bonds payable consist of the following:

Revenue Bonds Payable – Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2005
Utah Housing Corporation Issues.....	1985–2005	2005–2047	1.50% to 10.30%	\$ 2,430,667	\$ 1,342,088
Colleges and Universities Revenue Bonds	1987–2005	2005–2035	variable and 1.90% to 8.49%	\$ 544,655	402,656
Total Revenue Bonds Outstanding					1,744,744
Colleges and Universities Less Unamortized Bond Discount.....					(764)
Total Revenue Bonds Payable					<u>\$ 1,743,980</u>

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Program bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs have \$391.635 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs also have adjustable rate bonds that are set by an auction procedure every 28 days in the amount of \$312.100 million and \$780.550 million of bonds that are auctioned every 35 days.

Discrete Component Units

The Utah Housing Corporation bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. The bonds are secured by mortgages, and repayments are made from the mortgage payments.

The colleges and universities issue bonds for various purposes, including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities.

Revenue Bonds Payable – Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2005
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A.....	07/15/92	1993–2011	5.30% to 5.75%	\$ 26,200	\$ 12,945
Series 1992 B.....	07/15/92	1994–2011	4.00% to 6.00%	\$ 1,380	705
Series 1993 A.....	12/01/93	1995–2013	4.50% to 5.25%	\$ 6,230	3,320
Series 1995 A.....	07/01/95	1996–2007	5.00% to 5.75%	\$ 92,260	8,025
Series 1996 A.....	07/01/96	1997–2007	5.50% to 6.00%	\$ 42,895	3,755
Series 1996 B.....	11/01/96	1999–2007	5.00%	\$ 16,875	2,245
Series 1998 A.....	07/01/98	1999–2008	3.75% to 5.00%	\$ 24,885	2,120
Series 1998 C.....	08/15/98	2000–2019	3.80% to 5.50%	\$ 101,557	101,272
Series 1999 A.....	08/01/99	2001–2009	5.25%	\$ 6,960	1,080
Series 2001 A.....	11/21/01	2005–2021	4.00% to 5.00%	\$ 69,850	67,850
Series 2001 B.....	11/21/01	2002–2024	3.00% to 5.75%	\$ 14,240	13,730
Series 2001 C.....	11/21/01	2005–2022	variable	\$ 30,300	30,300
Series 2003	12/30/03	2005–2025	2.00% to 5.00%	\$ 20,820	20,775
Series 2004 A.....	10/26/04	2005–2027	3.00% to 5.25%	\$ 32,458	32,076
Series 2004 B.....	10/26/04	2005–2013	3.00% to 5.00%	\$ 8,920	8,700
Total Lease Revenue Bonds Outstanding .					308,898
Plus Unamortized Bond Premium					4,696
Less Deferred Amount on Refunding					(1,956)
Total Lease Revenue Bonds Payable					<u>\$ 311,638</u>
Business-type Activities					
Student Assistance Programs:					
Series 1988 and 1993 Board of Regents Student Loan Indentures	1988–2005	1998–2044	Variable and 4.45% to 6.00%	\$1,547,375	\$ 1,534,050
Office Facility Bond Fund	2002, 2004	2003–2024	3.00% to 5.13%	\$ 11,780	10,780
Total Revenue Bonds Outstanding.....					1,544,830
Plus Unamortized Bond Premium					48
Total Revenue Bonds Payable					<u>\$ 1,544,878</u>
SBOA Lease Revenue Bonds:					
Series 1995A.....	07/01/95	1996–2007	5.00% to 5.70%	\$ 740	\$ 75
Series 1996 A.....	07/01/96	1997–2007	5.50% to 6.00%	\$ 1,830	160
Series 1997 A.....	12/01/97	1999–2008	4.60% to 4.70%	\$ 4,150	565
Series 1998 A.....	07/01/98	1999–2008	4.40% to 5.00%	\$ 825	95
Series 1998 C.....	08/15/98	2000–2019	3.80% to 5.50%	\$ 3,543	3,533
Series 1999 A.....	08/01/99	2001–2009	5.25%	\$ 2,495	415
Series 2001 B.....	11/21/01	2004–2023	3.25% to 5.25%	\$ 11,540	10,760
Series 2003	12/30/03	2005–2025	2.00% to 5.00%	\$ 1,905	1,835
Series 2004 A.....	10/26/04	2005–2025	3.00% to 5.25%	\$ 13,347	13,234
Total Lease Revenue Bonds Outstanding .					30,672
Plus Unamortized Bond Premium					1,013
Less Deferred Amount on Refunding					(464)
Total Lease Revenue Bonds Payable					<u>\$ 31,221</u>
Total Lease Revenue/ Revenue Bonds Payable.....					<u>\$ 1,887,737</u>

Revenue Bond Issues – Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal							
	Utah State Student Assistance Programs	1992 A Utah State Building Ownership Authority	1992 B Utah State Building Ownership Authority	1993 A Utah State Building Ownership Authority	1995 A Utah State Building Ownership Authority	1996 A Utah State Building Ownership Authority	1996 B Utah State Building Ownership Authority	1997 A Utah State Building Ownership Authority
2006	\$ 144,920	\$ 1,545	\$ 85	\$ 345	\$ 3,945	\$ 1,905	\$ 1,095	\$ 180
2007	11,330	1,640	90	360	4,155	2,010	1,150	190
2008	61,245	1,735	95	380	—	—	—	195
2009	5,355	1,835	100	400	—	—	—	—
2010	76,610	1,945	105	425	—	—	—	—
2011–2015.....	2,795	4,245	230	1,410	—	—	—	—
2016–2020	3,530	—	—	—	—	—	—	—
2021–2025	57,710	—	—	—	—	—	—	—
2026–2030	80,000	—	—	—	—	—	—	—
2031–2035	329,555	—	—	—	—	—	—	—
2036–2040	536,680	—	—	—	—	—	—	—
2041–2045	235,100	—	—	—	—	—	—	—
Total	<u>\$1,544,830</u>	<u>\$ 12,945</u>	<u>\$ 705</u>	<u>\$ 3,320</u>	<u>\$ 8,100</u>	<u>\$ 3,915</u>	<u>\$ 2,245</u>	<u>\$ 565</u>

Continues Below

Fiscal Year	Principal							
	1998 A Utah State Building Ownership Authority	1998 C Utah State Building Ownership Authority	1999 A Utah State Building Ownership Authority	2001 A Utah State Building Ownership Authority	2001 B Utah State Building Ownership Authority	2001 C Utah State Building Ownership Authority	2003 Utah State Building Ownership Authority	2004 A Utah State Building Ownership Authority
2006	\$ 705	\$ 1,120	\$ 345	\$ 3,175	\$ 895	\$ —	\$ 1,125	\$ 335
2007	735	1,170	365	3,125	935	1,000	1,180	865
2008	775	7,715	380	3,250	965	1,400	1,210	895
2009	—	8,130	405	3,375	1,005	1,500	1,240	1,930
2010	—	8,575	—	3,500	1,055	1,600	1,275	2,405
2011–2015.....	—	47,100	—	20,000	5,905	9,000	5,850	14,040
2016–2020	—	30,995	—	25,525	7,370	11,000	4,905	13,675
2021–2025	—	—	—	5,900	6,360	4,800	5,825	9,205
2026–2030	—	—	—	—	—	—	—	1,960
2031–2035	—	—	—	—	—	—	—	—
2036–2040	—	—	—	—	—	—	—	—
2041–2045	—	—	—	—	—	—	—	—
Total	<u>\$ 2,215</u>	<u>\$ 104,805</u>	<u>\$ 1,495</u>	<u>\$ 67,850</u>	<u>\$ 24,490</u>	<u>\$ 30,300</u>	<u>\$ 22,610</u>	<u>\$ 45,310</u>

Continues Below

Revenue Bond Issues – Primary Government (continued)
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal	Total Principal Required	Total Interest Required	Total Amount Required
	2004 B Utah State Building Ownership Authority			
2006.....	\$ 85	\$ 161,805	\$ 61,635	\$ 223,440
2007.....	90	30,390	59,050	89,440
2008.....	1,295	81,535	57,561	139,096
2009.....	1,340	26,615	54,842	81,457
2010.....	1,380	98,875	53,075	151,950
2011–2015	4,510	115,085	239,263	354,348
2016–2020	—	97,000	210,112	307,112
2021–2025	—	89,800	191,734	281,534
2026–2030	—	81,960	167,766	249,726
2031–2035	—	329,555	142,942	472,497
2036–2040	—	536,680	82,560	619,240
2041–2045	—	235,100	13,405	248,505
Total.....	<u>\$ 8,700</u>	<u>\$ 1,884,400</u>	<u>\$ 1,333,945</u>	<u>\$ 3,218,345</u>

Revenue Bond Issues – Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units			
2006.....	\$ 120,628	\$ 8,283	\$ 3,329	\$ 5,348	\$ 137,588	\$ 77,033	\$ 214,621
2007.....	34,883	10,696	3,025	4,805	53,409	76,884	130,293
2008.....	40,475	10,808	3,178	5,048	59,509	74,510	134,019
2009.....	40,641	11,669	3,319	5,276	60,905	71,942	132,847
2010.....	40,911	12,420	3,462	5,504	62,297	69,260	131,557
2011–2015	174,193	60,486	19,917	21,291	275,887	305,238	581,125
2016–2020	144,088	52,540	16,383	14,772	227,783	244,453	472,236
2021–2025	187,847	40,607	12,191	7,538	248,183	184,706	432,889
2026–2030	243,649	30,591	11,905	3,380	289,525	117,475	407,000
2031–2035	226,706	—	14,100	785	241,591	46,771	288,362
2036–2040	64,336	—	—	—	64,336	11,018	75,354
2041–2045	22,169	—	—	—	22,169	3,578	25,747
2046–2050	1,562	—	—	—	1,562	59	1,621
Total.....	<u>\$ 1,342,088</u>	<u>\$ 238,100</u>	<u>\$ 90,809</u>	<u>\$ 73,747</u>	<u>\$ 1,744,744</u>	<u>\$ 1,282,927</u>	<u>\$ 3,027,671</u>

D. Conduit Debt Obligations

Of the Utah Housing Corporation (component unit) bonds outstanding, \$255.028 million were issued as multi-family purchase bonds. Of those bonds, \$247.633 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt. However, in accordance with the Corporation's accounting policies, the conduit debt is reported in the Corporation's financial statements.

In 1985, the State Board of Regents authorized the University of Utah (component unit) to issue Variable Rate Demand Industrial Development Bonds for the University Park Hotel, a limited partnership separate from the University. The bonds are payable solely from revenues of the University Park Hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. At June 30, 2005, \$6.785 million of Variable Rate Demand Industrial Development Bonds are outstanding.

E. Demand Bonds

- The Utah State Building Ownership Authority (SBOA) issued \$30.3 million Series 2001 C variable rate demand lease revenue bonds. The bonds are subject to purchase upon not less than seven days notice of tender from the bondholder or in case the bonds cannot be remarketed. The remarketing agent is paid a fee of 5 basis points of the bonds outstanding on a quarterly basis.

In the case that the bonds cannot be remarketed, the SBOA has an irrevocable direct-pay letter of credit with Landesbank Hessen-Thüringen Girozentrale (Helaba) acting through its New York Branch in the amount of \$30.828 million, which is an amount sufficient to pay principal and 53 days of accrued interest at 12 percent. In consideration for the letter of credit, Helaba receives a fee of 18.5 basis points paid on a quarterly basis. The letter of credit expires on December 31, 2015, and as of June 30, 2005, the SBOA has not had to draw any funds for bondholder tenders or a failed remarketing.

The letter of credit also has a take out agreement for the bonds that allows the SBOA to pay the bonds that Helaba holds (bank bonds) over a five-year period in approximately equal payments. The rate in effect for bank bonds for the first 90 days is the base rate, which is the higher of the Federal Funds rate plus 50 basis points or the Prime Rate, up to a maximum of 12 percent per annum. The interest rate for bank bonds held longer than 90 days is the base rate plus 2 percent. If the take out agreement were in effect and assuming all the bonds were not remarketed, the SBOA would pay debt service of \$8.406 million a year for five years, based on the maximum rate.

- The Student Loan Purchase Program had \$391.635 million of demand bonds outstanding at June 30, 2005, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the Board's remarketing agent.

In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit

agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

An unused irrevocable direct-pay letter of credit expiring November 15, 2011, in the amount of \$37.462 million supports the Series 1993 A bonds of \$35 million. Standby bond purchase agreements of \$110.677 million expiring November 15, 2005 support the Series 1988 C and 1995 L bonds of \$104.5 million, \$108.4 million expiring April 29, 2025, support the Series 1996 Q and 1997 R bonds of \$101.055 million and 158.753 million expiring February 11, 2024 to support the 2005 Series W and X bonds of \$151.08 million. As of June 30, 2005, the Board had not drawn any funds under the standby bond purchase agreements or the letter of credit.

- The Utah Housing Corporation (component unit) had \$542.810 million of bonds outstanding at June 30, 2005, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

In the case that the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) with four different banks totaling \$800 million. These Agreements provide that these institutions will provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 17.5 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. The Corporation has not drawn on any of the facilities to date.

- The University of Utah (component unit) Series 1997 A bonds in the amount of \$14 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the Series 1997 A bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the University's tender agent. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 2.40 percent, which is the rate in effect of June 30, 2005.

In the event the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable standby bond purchase agreement to pay the purchase price of the bonds delivered to it. The standby bond purchase agreement is with J.P. Morgan Chase Bank and is valid through July 30, 2010. As of June 30, 2005, the University had not drawn any funds under the standby bond purchase agreement.

F. Defeased Bonds and Bond Refunding

On October 26, 2004, the Utah State Building Ownership Authority issued \$45.805 million of Lease Revenue and Refunding Bonds Series 2004 A and used \$19.095 million of the proceeds to advance refund \$2.615 million, \$9.25 million, and \$6.7 million of Series 1997 A, 1998 A, and 1999 A Lease Revenue Bonds, respectively. The principal amount of the refunding bonds and \$1.35 million of original issue premium were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account

assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.88 million. This difference, reported in the Statement of Net Assets as a deduction from bonds payable, is being charged to operations through fiscal year 2021 using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by \$400 thousand over 16 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$300 thousand.

On October 26, 2004, the Utah State Building Ownership Authority issued \$8.92 million of Lease Revenue Refunding Bonds Series 2004 B to advance refund \$8.27 million of Series 1996 B Lease Revenue Bonds. The principal amount of the refunding bonds and \$64 thousand of original issue premium were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$714 thousand. This difference, reported in the Statement of Net Assets as a deduction from bonds payable, is being charged to operations through fiscal year 2013 using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by \$362 thousand over 8 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$318 thousand.

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2005, the total amount outstanding of defeased general obligation bonds was \$571.91 million. At June 30, 2005, the total amount outstanding of defeased revenue bonds, including the bonds advanced refunded in fiscal year 2005 was \$116.795 million.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2005, \$66.240 million of college and university bonds outstanding are considered defeased.

G. Contracts Payable

Component unit capital leases/contracts payable include \$5.576 million in life annuity contracts.

H. Notes Payable

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 25 years. They are secured by the related assets.

Notes Payable Debt Service Requirements to Maturity Component Units For Fiscal Years Ending June 30 (Expressed in Thousands)

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units			
2006.....	\$ 20	\$ 629	\$ 1,240	\$ 1,022	\$ 2,911	\$ 2,217	\$ 5,128
2007.....	22	578	1,239	5,076	6,915	2,092	9,007
2008.....	24	614	1,289	507	2,434	1,813	4,247
2009.....	27	652	1,312	470	2,461	1,688	4,149
2010.....	30	699	1,295	841	2,865	1,552	4,417
2011–2015	200	4,325	4,931	970	10,426	5,829	16,255
2016–2020	4	5,681	4,278	746	10,709	2,758	13,467
2021–2025	—	395	3,946	524	4,865	463	5,328
2026–2030	—	—	—	270	270	28	298
Total.....	\$ 327	\$ 13,573	\$ 19,530	\$ 10,426	\$ 43,856	\$ 18,440	\$ 62,296

I. Debt Service Requirements for Derivatives

Swap Payments and Associated Debt — As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into pay-fixed, receive-variable interest rate swaps as of June 30, 2005. Using rates as of June 30, 2005, debt service

requirements of the Corporation's outstanding variable-rate debt and net swap payments are summarized below (in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 90 for Utah Housing Corporation.

Utah Housing Corporation
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal Year	Variable Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2006.....	\$ 17,735	\$ 13,972	\$ 9,880	\$ 41,587
2007.....	4,805	13,449	11,028	29,282
2008.....	4,555	13,303	10,926	28,784
2009.....	4,340	13,165	10,830	28,335
2010.....	4,280	13,034	10,738	28,052
2011–2015	18,185	63,521	52,413	134,119
2016–2020	44,300	60,116	49,122	153,538
2021–2025	84,275	52,335	41,944	178,554
2026–2030	159,675	38,181	28,927	226,783
2031–2035	181,260	14,380	8,773	204,413
2036–2040	17,985	519	107	18,611
Total.....	<u>\$ 541,395</u>	<u>\$ 295,975</u>	<u>\$ 234,688</u>	<u>\$ 1,072,058</u>

NOTE 11. GOVERNMENTAL FUND BALANCES AND NET ASSETS RESTRICTED BY ENABLING LEGISLATION**A. Governmental Fund Balances – Reserved and Designated**

The State's reserved fund balances represent: *(1) Nonlapsing Appropriations* which include continuing appropriations or

nonlapsing funds, encumbrances for construction contracts in the capital projects funds, and limited encumbrances in the general and special revenue funds; or *(2) Restricted Purposes* which include fund balances that are legally restricted for other purposes, assets restricted by bond agreements or other external restrictions, and those portions of fund balance that are not available for appropriation or expenditure, such as loans to internal service funds. A summary of the nature and purpose of these reserves by fund type at June 30, 2005, follows:

Reserved Fund Balances (Expressed in Thousands)			
	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
General Fund:			
Legislature.....	\$ 2,930	\$ —	\$ 2,930
Governor	3,786	1,237	5,023
Elected Officials.....	1,195	1	1,196
Administrative Services	10,431	6	10,437
Tax Commission	11,909	12,882	24,791
Human Services	5,732	5,707	11,439
Corrections.....	2,163	29	2,192
Public Safety	29,138	7,231	36,369
Courts.....	1,216	5,074	6,290
Health.....	4,328	1,727	6,055
Environmental Quality	783	6,377	7,160
Employment and Family Services.....	6,914	9,117	16,031
Natural Resources	11,527	18,889	30,416
Community and Economic Development	11,805	2,572	14,377
Business, Labor, and Agriculture	9,102	7,626	16,728
Industrial Assistance Account	—	27,884	27,884
Loans to Internal Service Funds.....	—	14,893	14,893
Tobacco Settlement Funds	—	6,102	6,102
Oil Overcharge Funds	—	6,777	6,777
Mineral Bonus Account.....	—	9,289	9,289
Other Purposes	468	5,513	5,981
Total	<u>\$ 113,427</u>	<u>\$ 148,933</u>	<u>\$ 262,360</u>
Uniform School Fund:			
Minimum School Program.....	\$ 30,123	\$ —	\$ 30,123
State Office of Education	10,102	—	10,102
School Building Program.....	—	8,541	8,541
School Land Interest	—	14,068	14,068
Total	<u>\$ 40,225</u>	<u>\$ 22,609</u>	<u>\$ 62,834</u>
Transportation Fund:			
Transportation	\$ 2,263	\$ —	\$ 2,263
Public Safety	—	8,723	8,723
Corridor Preservation.....	—	7,398	7,398
Aeronautical Programs.....	—	5,038	5,038
Salt Lake County Road Construction.....	—	23,066	23,066
Total	<u>\$ 2,263</u>	<u>\$ 44,225</u>	<u>\$ 46,488</u>
Trust Lands Fund:			
Funds Held as Permanent Investments.....	\$ —	\$ 594,251	\$ 594,251
Non-major Governmental Funds:			
Capital Projects	\$ 283,718	\$ 13,824	\$ 297,542
Debt Service.....	—	6,755	6,755
Tobacco Settlement Funds	—	18,109	18,109
Environmental Reclamation.....	—	16,224	16,224
Other Purposes	—	5,943	5,943
Total	<u>\$ 283,718</u>	<u>\$ 60,855</u>	<u>\$ 344,573</u>

Designated Fund Balances
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
Designated for:						
Budget Reserve (Rainy Day) Account	\$ 105,613	\$ —	\$ —	\$ —	\$ —	\$ 105,613
Education Budget Reserve Account	—	40,542	—	—	—	40,542
Post-employment and Other Liabilities	179,517	179,018	45,560	635	—	404,730
Fiscal Year 2006 Appropriations:						
Line Item Appropriations	74,599	43,054	—	—	—	117,653
Industrial Assistance Account	3,263	—	—	—	—	3,263
Tourism Marketing Account	4,000	—	—	—	—	4,000
Capital Projects	—	—	—	—	69	69
Debt Service	—	—	—	—	5,881	5,881
Total	\$ 366,992	\$ 262,614	\$ 45,560	\$ 635	\$ 5,950	\$ 681,751

B. Net Assets Restricted by Enabling Legislation

The State's net assets restricted by enabling legislation represent resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation.

The government-wide Statement of Net Assets reports \$2.45 billion of restricted net assets, of which \$13.2 million is restricted by enabling legislation.

NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE

Funds reporting a deficit total net assets position at June 30, 2005, are (in thousands):

Private Purpose Trust Funds:

Employers' Reinsurance	\$ (202,713)
Petroleum Storage Tank	\$ (54,433)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on workers' compensation insurance. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust

only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities.

The Petroleum Storage Tank Trust covers the clean-up costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded by future revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2005, are (in thousands):

Internal Service Funds:

General Services	\$ (1,548)
Fleet Operations	\$ (23,494)

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

In addition, the Capital Projects – General Government Fund (nonmajor governmental fund) reported a \$71.196 million deficit unreserved undesignated fund balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in the next fiscal year will fund this deficit.

NOTE 13. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2005, are as follows (in thousands):

	Transfers In:					
	Governmental Funds					
	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund	Trust Lands Fund	Nonmajor Governmental Funds
Transfers Out:						
General Fund	\$ —	\$ 2,980	\$ 36,244	\$ 59,595	\$ 22	\$ 150,515
Uniform School Fund	200,951	—	—	—	—	87,921
Transportation Fund.....	32,276	—	—	74,750	—	2,190
Centennial Highway Fund	—	—	12,162	—	—	125,689
Nonmajor Governmental Funds..	8,359	—	—	—	—	6,608
Unemployment Compensation....	2,160	—	—	—	—	—
Water Loan Programs.....	2,950	—	—	—	—	—
Nonmajor Enterprise Funds	42,799	—	—	—	—	—
Internal Service Funds	4,818	—	—	—	—	—
Total Transfers In	\$ 294,313	\$ 2,980	\$ 48,406	\$ 134,345	\$ 22	\$ 372,923

Continues Below

	Enterprise Funds			
	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
Transfers Out:				
General Fund	\$ 1,582	\$ 36,937	\$ 611	\$ 288,486
Uniform School Fund	—	—	—	288,872
Transportation Fund.....	—	—	—	109,216
Centennial Highway Fund	—	—	—	137,851
Nonmajor Governmental Funds..	—	—	47	15,014
Unemployment Compensation....	—	—	—	2,160
Water Loan Programs.....	—	—	—	2,950
Nonmajor Enterprise Funds	—	—	—	42,799
Internal Service Funds	—	—	—	4,818
Total Transfers In	\$ 1,582	\$ 36,937	\$ 658	\$ 892,166

Transfers from major governmental funds to nonmajor governmental funds are primarily for capital facility construction and debt service expenditures. Transfers from the General Fund to nonmajor enterprise funds are primarily mineral lease royalties used to make loans and grants to local governments through the Community Impact Loan Fund. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2005, the legislature authorized transfers of \$4.818 million from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$640.401 million to the Colleges and Universities. Payments to Colleges and Universities are reported as expenditures in both the General Fund fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

NOTE 14. LITIGATION, CONTINGENCIES, AND COMMITMENTS**A. Litigation**

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- Members of the Navajo Nation allege the State of Utah has mismanaged Navajo Nation Trust Fund monies. The plaintiffs are seeking an accounting of the legitimacy of the fund's receipts and disbursements, and damages of \$142 million including interest and attorneys' fees.
- There is currently a suit pending seeking a refund of taxes paid. Damages in this case have not yet been specified. In the event of an adverse ruling, the State estimates the damages sought could be in the range of \$8 to \$20 million.
- In addition to the items above, the State is contesting other legal actions totaling over \$25 million plus attorneys' fees and interest in some cases.

B. Contingencies

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. Other audit findings on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2005, is in process and management expects proposed disallowances to be immaterial.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainties in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately \$20 million per year for fiscal years 2006 through 2007. The State received \$43.767 million in fiscal year 2005. The related costs were incurred by the State as a result of the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.
- The State is totally self-insured against liability claims and up to \$2.5 million in property claims. According to an actuarial study and other known factors, \$44.673 million exists as either incurred but unfiled or unpaid claims. This amount is reported

as a liability of the Administrative Services Risk Management Fund (internal service fund).

- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953*, as amended, Sections 53A-28-101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guaranteed Bonds for any significant period of time.

Local school boards have \$1.674 billion principal amount of Guaranteed Bonds outstanding at June 30, 2005. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received \$28.353 million from tobacco companies in fiscal year 2005 and expects to receive approximately \$24.441 million in fiscal year 2006. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

C. Commitments

- At June 30, 2005, the Industrial Assistance Program of the General Fund had grant commitments of \$16.196 million, contingent on participating companies meeting certain performance criteria.
- Utah Retirement Systems (pension trust funds) has at its yearend December 31, 2004, committed to fund certain alternative investment partnerships and real estate projects for an amount of \$3.373 billion. Funding of \$2.303 billion has been provided, leaving an unfunded commitment of \$1.07

billion as of December 31, 2004, which will be funded over the next six years.

- As of June 30, 2005, the Utah Housing Corporation (major component unit) has committed to purchase mortgages under the Single-Family Mortgage Purchase Program in the amount of \$25.395 million. The Corporation has a revolving credit loan with a community development company in the amount of \$2.5 million due February 3, 2006. At June 30, 2005, the outstanding balance was \$817 thousand and bears interest at the LIBOR Rate plus 2.5 percent. Interest payments are due monthly.
- At June 30, 2005, the enterprise funds had loan commitments of approximately \$136.680 million and grant commitments of approximately \$30.419 million.
- At June 30, 2005, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with an original principal amount of approximately \$2.098 billion. Also, at June 30, 2005, the Student Assistance Programs had commitments to purchase approximately \$422 million in student loans and provide approximately \$12.561 million in reductions to borrower loan balances.
- At June 30, 2005, the Department of Transportation had construction and other contract commitments of \$631.901 million, of which \$418.421 million is for Centennial Highway Fund (special revenue fund) projects and \$213.480 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

NOTE 15. JOINT VENTURE

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of ten representatives elected by the board, and five state representatives of which four are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital of \$185 thousand. UCAN receives federal funds as a subrecipient of grants awarded to the Department of Public Safety. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN had \$10.86 million of revenue bonds outstanding at June 30, 2005. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding

from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

The Utah State Auditor's Office audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the Utah State Auditor's Office.

NOTE 16. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

A. Utah Retirement Systems

Utah Retirement Systems (URS) was established by Section 49 of *Utah Code Annotated, 1953*, as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2004, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Public Employees Retirement System (PERS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); and the Firefighters Retirement System, which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System, which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System and the Governors and Legislative Pension Plan, which are single-employer service employee retirement systems; and the 401(k) and 457 Plans, which are defined contribution plans.

Retirement benefits are specified by Section 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

Summary of Eligibility and Benefits

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years	Highest 3 Years	Highest 2 Years
Years of Service	30 years any age	30 years any age	20 years any age	20 years any age	25 years any age
Required and/or Age	*20 years age 60	*25 years any age	10 years age 60	10 years age 60	*20 years age 55
Eligible for Benefit	*10 years age 62	*20 years age 60	4 years age 65	4 years age 65	10 years age 62
	4 years age 65	*10 years age 62			6 years age 70
		4 years age 65			
Benefit Percent per Year of Service	1.25% to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary	5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary	

*With actuarial reductions

Former governors at age 65 receive \$1,120 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of \$24.80 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future

benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

As a condition of participation in the systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or insurance premium taxes. Below is a summary of system participants.

Participants
December 31, 2004

	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System	Judges System	Governors and Legislative Pension Plan
Number of participating:						
Employers	161	391	119	44	1	1
Members:						
Active	3,393	85,046	7,173	1591	106	95
Terminated vested.....	1,430	23,823	1,192	77	7	87
Retirees and beneficiaries:						
Service benefits	6,514	23,774	3,031	875	84	221
Disability benefits	4	—	16	58	—	—

Employer contribution rates consist of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (2) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over an open 20 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero. For the Governors and Legislative Pension Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years.

**State of Utah's Employer Contributions
Required and Paid
For Fiscal Years Ended June 30
(Expressed in Thousands)**

	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System	Judges System	Total All Systems
Primary Government:						
2005	\$ 4,335	\$ 80,966	\$ 21,112	\$ 52	\$ 814	\$ 107,279
2004	\$ 3,894	\$ 67,745	\$ 19,165	\$ 50	\$ 782	\$ 91,636
2003	\$ 3,683	\$ 60,033	\$ 16,713	\$ 47	\$ 539	\$ 81,015
2002	\$ 5,777	\$ 93,037	\$ 25,921	\$ 58	\$ 928	\$ 125,721
2001	\$ 4,902	\$ 78,752	\$ 19,772	\$ 56	\$ 1,615	\$ 105,097
Component Units:						
Colleges and Universities:						
2005	\$ 2,201	\$ 35,195	\$ 422	\$ —	\$ —	\$ 37,818
2004	\$ 1,996	\$ 30,434	\$ 411	\$ —	\$ —	\$ 32,841
2003	\$ 1,840	\$ 29,409	\$ 375	\$ —	\$ —	\$ 31,624
2002	\$ 1,904	\$ 28,028	\$ 399	\$ —	\$ —	\$ 30,331
2001	\$ 2,398	\$ 33,575	\$ 442	\$ —	\$ —	\$ 36,415
Other:						
2005	\$ 59	\$ 2,273	\$ —	\$ —	\$ —	\$ 2,332
2004	\$ 52	\$ 1,913	\$ —	\$ —	\$ —	\$ 1,965
2003	\$ 44	\$ 1,609	\$ —	\$ —	\$ —	\$ 1,653
2002	\$ 43	\$ 258	\$ —	\$ —	\$ —	\$ 301
2001	\$ 50	\$ 352	\$ —	\$ —	\$ —	\$ 402
Total Primary Government and Component Units:						
2005	\$ 6,595	\$ 118,434	\$ 21,534	\$ 52	\$ 814	\$ 147,429
2004	\$ 5,942	\$ 100,092	\$ 19,576	\$ 50	\$ 782	\$ 126,442
2003	\$ 5,567	\$ 91,051	\$ 17,088	\$ 47	\$ 539	\$ 114,292
2002	\$ 7,724	\$ 121,323	\$ 26,320	\$ 58	\$ 928	\$ 156,353
2001	\$ 7,350	\$ 112,679	\$ 20,214	\$ 56	\$ 1,615	\$ 141,914

The following schedule summarizes contribution rates in effect at December 31, 2004:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Contributory	6.00%	7.08% – 8.89%	—
Noncontributory	—	11.09% – 13.38%	—
Public Safety:			
Contributory	10.50% – 13.74%	7.70% – 19.96%	—
Noncontributory	—	19.08% – 32.52%	—
Firefighters:			
Group A	8.61%	—	12.16%
Group B	7.83%	—	12.16%
Judges:			
Contributory	2.00%	5.14%	19.69%
Noncontributory	—	7.14%	19.69%
Governors and Legislative	—	—	—

401(k) and 457 Deferred Compensation Plans

The 401(k) Plan and 457 Plan administered by URS, in which the State participates, are deferred compensation plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems for employees of employers that have adopted the 401(k) and 457 Plans. Voluntary contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers. There are 344 employers participating in the 401(k) Plan and 153 employers participating in the 457 Plan. There are 125,312 plan participants in the 401(k) Plan and 12,532 participants in the 457 Plan.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The 401(k) and 457 Plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 401(k) Plan. The State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2005, by employees and employers are as follows: for Primary Government, \$32.269 million and \$10.939 million; for Component

Units – Colleges and Universities, \$3.842 million and \$4.171 million; for Component Units – Other, \$884 thousand and \$542 thousand; and the combined total for all is \$36.995 million and \$15.652 million, respectively.

Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair value for the individual investments. Approximately 13 percent of the net assets held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 13 percent, approximately 6 percent are U.S. Government debt securities and 7 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets available for benefits. The principal components of the receivables and investment categories are presented below.

Pension Receivables and Investments
(Expressed in Thousands)

	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System	Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total December 31, 2004
Receivables:									
Member Contributions	\$ 339	\$ —	\$ 103	\$ 147	\$ —	\$ —	\$ —	\$ —	\$ 589
Employer Contributions	479	23,672	1,939	—	31	—	—	—	26,121
Court Fees and Fire Insurance Premium	—	—	—	2,306	173	—	—	—	2,479
Investments	20,157	271,204	33,830	13,505	2,237	235	37,329	1,661	380,158
Total Receivables	<u>\$ 20,975</u>	<u>\$ 294,876</u>	<u>\$ 35,872</u>	<u>\$ 15,958</u>	<u>\$ 2,441</u>	<u>\$ 235</u>	<u>\$ 37,329</u>	<u>\$ 1,661</u>	<u>\$ 409,347</u>
Investments:									
Debt Securities	\$ 221,819	\$ 2,984,445	\$ 372,279	\$ 148,614	\$ 24,618	\$ 2,587	\$ 641,828	\$ 68,608	\$ 4,464,798
Equity Investments	584,665	7,866,305	981,237	391,715	64,888	6,820	1,179,454	125,555	11,200,639
Venture Capital	32,645	439,223	54,790	21,872	3,623	381	—	—	552,534
Real Estate	98,858	1,330,076	165,912	66,233	10,972	1,153	—	—	1,673,204
Mortgage Loans	394	5,293	660	263	44	5	—	—	6,659
Invested Securities									
Lending Collateral	136,539	1,837,043	229,152	91,478	15,153	1,593	52,879	5,315	2,369,152
Investment Contracts	—	—	—	—	—	—	32,734	17,499	50,233
Total Investments	<u>\$ 1,074,920</u>	<u>\$ 14,462,385</u>	<u>\$ 1,804,030</u>	<u>\$ 720,175</u>	<u>\$ 119,298</u>	<u>\$ 12,539</u>	<u>\$ 1,906,895</u>	<u>\$ 216,977</u>	<u>\$ 20,317,219</u>

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2004 and calendar year 2004 activity. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last

ten years in their separately presented financial reports based on the report generated by the latest actuarial study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a year's

excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, open period. An inflation rate of 3 percent is used for all systems. Post

retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below is the Schedule of Funding Progress.

**Schedules of Funding Progress
By Valuation Date
(Expressed in Thousands)**

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System	Governors and Legislative Pension Plan
Actuarial Value of Assets:						
January 1, 2003.....	\$ 899,290	\$ 10,848,586	\$ 1,349,435	\$ 553,589	\$ 90,904	\$ 10,719
January 1, 2004.....	\$ 913,949	\$ 11,657,525	\$ 1,448,888	\$ 589,502	\$ 97,412	\$ 10,905
December 31, 2004.....	\$ 913,074	\$ 12,233,337	\$ 1,524,904	\$ 610,688	\$ 100,814	\$ 10,650
Actuarial Accrued Liability (AAL):						
January 1, 2003.....	\$ 976,918	\$ 11,764,353	\$ 1,458,491	\$ 521,164	\$ 90,573	\$ 8,706
January 1, 2004.....	\$ 982,569	\$ 12,351,310	\$ 1,556,758	\$ 549,378	\$ 97,902	\$ 8,812
December 31, 2004.....	\$ 1,011,508	\$ 13,237,071	\$ 1,688,404	\$ 586,925	\$ 104,035	\$ 8,788
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2003.....	\$ 77,628	\$ 915,767	\$ 109,056	\$ (32,425)	\$ (331)	\$ (2,013)
January 1, 2004.....	\$ 68,620	\$ 693,785	\$ 107,870	\$ (40,124)	\$ 490	\$ (2,093)
December 31, 2004.....	\$ 98,434	\$ 1,003,734	\$ 163,500	\$ (23,763)	\$ 3,221	\$ (1,862)
Funding Ratios:						
January 1, 2003.....	92.1%	92.2%	92.5%	106.2%	100.4%	123.1%
January 1, 2004.....	93.0%	94.4%	93.1%	107.3%	99.5%	123.8%
December 31, 2004.....	90.3 %	92.4 %	90.3 %	104.0 %	96.9 %	121.2 %
Annual Covered Payroll:						
January 1, 2003.....	\$ 142,325	\$ 2,929,449	\$ 268,478	\$ 71,354	\$ 11,173	\$ 556
January 1, 2004.....	\$ 139,470	\$ 2,959,347	\$ 278,402	\$ 75,619	\$ 10,888	\$ 556
December 31, 2004.....	\$ 139,362	\$ 3,084,317	\$ 293,797	\$ 79,638	\$ 11,646	\$ 556
UAAL as a Percent of Covered Payroll:						
January 1, 2003.....	54.5%	31.3%	40.6%	(45.4)%	(3.0)%	(362.1)%
January 1, 2004.....	49.2 %	23.4 %	38.7 %	(53.1) %	4.5 %	(376.4) %
December 31, 2004.....	70.6 %	32.5 %	55.7 %	(29.8) %	27.7 %	(334.9) %

B. Teachers Insurance and Annuity Association-College Retirement Equities Fund

Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), privately administered defined-contribution retirement plans, provides individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the

employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. Most of the employers contribute both the employer and the employee share of 7.1 percent. The State has no further liability once annual contributions are made.

The total contribution made by the college and university (component units) to the TIAA-CREF retirement system for June 30, 2005 and 2004, were \$98.347 million and \$104.783 million, respectively.

NOTE 17. POSTEMPLOYMENT BENEFITS

At the option of the individual state departments, employees may be offered participation in a post retirement benefits program, as set forth in Section 67–19–14(2) of the *Utah Code*. In order to qualify, the employee must be eligible to receive retirement benefits. Upon retirement most employees, including those age 65 and over, may be paid for 25 percent of unused accumulated sick leave at the employee's current rate of pay. In addition, the employee may receive state paid health and life insurance coverage up to age 65, but not to exceed five years. If the employee has not reached age 65 after the five-year limitation is reached, then that employee may exchange one sick leave day in excess of 60 days, after the 25 percent payout, for one month of paid health and life insurance coverage. After age 65, the employee may use any remaining unused accumulated sick leave to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. As of June 30, 2005, there were 2,114 individuals on the program. The insurance coverage is paid 100 percent by the State for individuals retiring before July 1, 2000. Individuals retiring thereafter are required to pay between 2 and 7 percent of the cost depending on the coverage selected.

The 2005 Legislature passed House Bill 213, *Unused Sick Leave at Retirement Amendments* that will become effective January 1, 2006. Beginning January 1, upon retirement, the employee receives 25 percent of the value of unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. State paid health and life insurance coverage, available up to five years to employees who retire prior to age 65, will phase out over the next five years. Each day of unused accumulated sick leave earned prior to January 1, 2006, may continue to be used to exchange for one month of paid health and life insurance coverage for retired employees that have not reached age 65, or for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. However, unused accumulated sick leave earned after January 1, 2006 will be converted to a health reimbursement account for the retiree at retirement.

The Governmental Accounting Standards Board (GASB) issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Additionally GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statements 43 and 45, which are effective for the State's fiscal years beginning July 1, 2006 and 2007, respectively, will require that the long-term cost of retirement health care and other obligations for postemployment benefits be determined on an actuarial basis and reported similar to pension plans. A preliminary actuarial study was completed to determine the actuarial accrued liability as of December 31, 2004. The study estimated the liability if funded at transition of \$536.033 million, or \$827.911 million if not funded at transition. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements. The 2006 Legislature is expected to address the funding of these benefits in the next General Session.

The estimated 25 percent sick leave payouts at retirement are included in the liability for compensated absences. Charges to agency budgets are made on an ongoing basis to fund the current payments for postemployment benefits and compensated absences. For the year ended June 30, 2005, \$15.817 million in postemployment benefit expenditures were recognized.

A liability is also reported in the Pension Trust Funds of \$5.285 million, including \$2.196 million for compensated absences, which will be liquidated by assets of Utah Retirement Systems.

All employers who participate in the State Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49–21–201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2005, there are 337 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (component unit), where assets are set aside for future payments. For the year ended June 30, 2005, the State paid \$4.542 million in premiums and the program has \$26.558 million in assets.

NOTE 18. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (component unit). The State is the predominant participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health insurance programs of the State. The University of Utah and Utah State University (component units) each maintain self-insurance funds to manage health care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State has not had any losses or settlements that exceeded the commercial excess insurance coverage for any of the last three years. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into

consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 3 percent. The Public Employees Health Program long-term disability benefit reserves are reported using a discount rate of 5.5 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of \$220.633 million and \$11.607 million, respectively, for health and life insurance coverage in fiscal year 2005. In addition, the State Department of Health paid \$29.150 million in premiums to the Public Employees Health Program for the Children's Health Insurance Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah and Utah State University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University Hospital have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short-and long-term combined) during fiscal years ended June 30, 2004, and June 30, 2005:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2004.....	\$ 43,659	\$ 5,506	\$ (8,742)	\$ 40,423
2005.....	\$ 40,423	\$ 11,250	\$ (7,000)	\$ 44,673
Public Employees Health Program:				
2004.....	\$ 80,254	\$ 412,313	\$(393,253)	\$ 99,314
2005.....	\$ 99,314	\$ 463,990	\$(455,908)	\$ 107,396
College and University Self-Insurance:				
2004.....	\$ 35,000	\$ 124,581	\$(114,682)	\$ 44,899
2005.....	\$ 44,899	\$ 154,507	\$(143,993)	\$ 55,413

NOTE 19. SUBSEQUENT EVENTS

The Salt Lake Community College (nonmajor component unit) broke ground on July 11, 2005, on a new public safety training center on the Salt Lake Community College Miller Campus. The facility will include training facilities for the Utah Department of Public Safety as well as areas for the College's Culinary Arts program and Food Services operation. Construction will include a dormitory-style building for trainees and total approximately 152,000 square feet at an estimated cost of \$21.7 million.

On July 14, 2005, the University of Utah (major component unit) issued \$30.48 million of Hospital Revenue Refunding Bonds Series 2005 A. Principal on the bonds is due annually commencing August 1, 2009 through August 1, 2018. Bond interest is due semiannually commencing February 1, 2006, at rates ranging from 4.50% to 5.00%. Proceeds from these bonds will be used to partially refund Hospital Revenue Bonds Series 1998 and 2001. On August 2, 2005, the University also issued \$42.955 million of Auxiliary and Campus Facilities Revenue Refunding Bonds Series 2005 A. Initial principal payment on the bonds is due April 1, 2006, and annually thereafter commencing on April 1, 2009 through April 1, 2020. Bond interest is due semiannually commencing October 1, 2005, at rates ranging from 3.00% to 5.00%. Proceeds from these bonds will be used to partially refund Auxiliary and Campus Facilities Revenue Bonds Series 1998.

In September of 2005, Weber State University (nonmajor component unit) issued a \$22.81 million Student Fee and Student Facilities System Revenue Bonds, Series 2005 with Zion's Bank Public Finance. The funds from these bonds will be used to renovate the Shephard Student Union Building. This project includes the design, construction, furnishings, and equipment required to complete the renovation. Principal on the bonds is due annually commencing April 1, 2009 through April 1, 2032. Bond interest is due semiannually commencing April 1, 2006, at rates ranging from 3.250% to 5.125%.

Subsequent to June 30, 2005, the Utah Housing Corporation (major component unit) issued \$17 million Single-Family Mortgage Purchase Variable Rate Bonds, Series 2005 E, maturing on January 1, 2027, interest at a variable rate adjusted weekly, and issued \$13 million Single-Family Mortgage Purchase Fixed Rate Bonds, Series 2005 E, maturing on July 1, 2007 through 2015, and on January 1, 2023 and 2028, interest rates of 3.25% to 4.60%.

The Student Loan Purchase Program (Student Assistance Programs, major enterprise fund) issued additional Student Loan Revenue Bonds under the authority of the 1993 Revenue Bonds General Indenture, Thirteenth Supplemental Indenture in the amount of \$185,000,000 dated September 1, 2005. The Series 2005 AA Bonds are limited obligations of the State Board of Regents secured by and payable solely from the Trust Estate established under the Indenture pursuant to which the Series 2005 AA Bonds are issued.

REQUIRED SUPPLEMENTARY INFORMATION

State of Utah**Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	\$ 1,497,250	\$ 1,590,000	\$ 1,634,522	\$ 44,522
Licenses, Permits, and Fees:				
Insurance Fees	5,829	5,597	5,174	(423)
Court Fees	5,113	5,139	4,115	(1,024)
Other Licenses, Permits, and Fees	7,005	7,303	8,651	1,348
Investment Income	7,450	11,000	13,602	2,602
Miscellaneous Taxes and Other:				
Beer Tax	9,680	9,600	8,918	(682)
Cigarette and Tobacco Tax	50,000	50,400	53,023	2,623
Inheritance Tax	4,050	4,000	2,952	(1,048)
Insurance Premium Tax	65,150	68,000	67,359	(641)
Oil, Gas, and Mining Severance Tax	42,100	50,500	64,932	14,432
Taxpayer Rebates	(5,500)	(5,600)	(5,949)	(349)
Court Collections	5,625	6,177	5,861	(316)
Other Taxes	23,534	16,400	17,401	1,001
Miscellaneous Other	9,149	8,384	10,056	1,672
Total General Revenues	<u>1,726,435</u>	<u>1,826,900</u>	<u>1,890,617</u>	<u>63,717</u>
Department Specific Revenues				
Restricted Sales Tax	2,625	2,625	2,625	—
Federal Contracts and Grants	1,783,058	1,774,132	1,774,132	—
Departmental Collections	247,419	250,538	258,928	8,390
Higher Education Collections	324,053	323,533	323,533	—
Federal Mineral Lease	48,024	72,290	82,704	10,414
Investment Income	2,641	3,963	4,043	80
Miscellaneous	410,806	438,540	423,283	(15,257)
Total Department Specific Revenues	<u>2,818,626</u>	<u>2,865,621</u>	<u>2,869,248</u>	<u>3,627</u>
Total Revenues	<u>4,545,061</u>	<u>4,692,521</u>	<u>4,759,865</u>	<u>67,344</u>
Expenditures				
General Government	199,200	204,386	171,717	32,669
Human Services and Youth Corrections	583,213	592,171	585,463	6,708
Corrections, Adult	193,688	195,942	193,613	2,329
Public Safety	143,608	194,247	162,723	31,524
Courts	108,696	108,743	106,276	2,467
Health and Environmental Quality	1,754,485	1,712,208	1,704,088	8,120
Higher Education – State Administration	42,327	39,133	39,121	12
Higher Education – Colleges and Universities	946,471	958,325	958,325	—
Employment and Family Services	275,713	427,032	420,067	6,965
Natural Resources	135,081	142,378	124,993	17,385
Community and Economic Development	108,726	98,760	86,631	12,129
Business, Labor, and Agriculture	103,342	89,243	77,596	11,647
Total Expenditures	<u>4,594,550</u>	<u>4,762,568</u>	<u>4,630,613</u>	<u>131,955</u>
Excess Revenues Over (Under) Expenditures	<u>(49,489)</u>	<u>(70,047)</u>	<u>129,252</u>	<u>199,299</u>
Other Financing Sources (Uses)				
Transfers In	194,927	307,040	307,040	—
Transfers Out	(213,693)	(297,886)	(297,886)	—
Total Other Financing Sources (Uses)	<u>(18,766)</u>	<u>9,154</u>	<u>9,154</u>	<u>0</u>
Net Change in Fund Balance	(68,255)	(60,893)	138,406	199,299
Budgetary Fund Balance – Beginning	321,163	321,163	321,163	—
Budgetary Fund Balance – Ending	<u>\$ 252,908</u>	<u>\$ 260,270</u>	<u>\$ 459,569</u>	<u>\$ 199,299</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule
Uniform School Fund**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	\$ 1,712,950	\$ 1,830,000	\$ 1,934,028	\$ 104,028
Corporate Tax	191,950	198,500	206,730	8,230
Investment Income	8,900	8,900	13,909	5,009
Miscellaneous Other	6,987	11,000	6,802	(4,198)
Total General Revenues	<u>1,920,787</u>	<u>2,048,400</u>	<u>2,161,469</u>	<u>113,069</u>
Department Specific Revenues				
Federal Contracts and Grants	289,364	344,665	344,665	—
Departmental Collections	3,698	2,790	2,790	—
Miscellaneous:				
School Lunch Tax	15,809	18,123	18,123	—
Driver Education Fee	4,310	4,546	4,546	—
Other	4,581	8,046	8,039	(7)
Total Department Specific Revenues	<u>317,762</u>	<u>378,170</u>	<u>378,163</u>	<u>(7)</u>
Total Revenues	<u>2,238,549</u>	<u>2,426,570</u>	<u>2,539,632</u>	<u>113,062</u>
Expenditures				
Public Education	<u>2,165,421</u>	<u>2,219,316</u>	<u>2,177,845</u>	<u>41,471</u>
Total Expenditures	<u>2,165,421</u>	<u>2,219,316</u>	<u>2,177,845</u>	<u>41,471</u>
Excess Revenues Over (Under) Expenditures	<u>73,128</u>	<u>207,254</u>	<u>361,787</u>	<u>154,533</u>
Other Financing Sources (Uses)				
Transfers In	5,211	2,980	2,980	—
Transfers Out	<u>(160,460)</u>	<u>(288,872)</u>	<u>(288,872)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>(155,249)</u>	<u>(285,892)</u>	<u>(285,892)</u>	<u>0</u>
Net Change in Fund Balance	(82,121)	(78,638)	75,895	154,533
Budgetary Fund Balance – Beginning	152,647	152,647	152,647	—
Adjustments to Beginning Fund Balances	<u>(1,066)</u>	<u>(1,066)</u>	<u>(1,066)</u>	<u>—</u>
Fund Balances – Beginning As Adjusted	<u>151,581</u>	<u>151,581</u>	<u>151,581</u>	<u>—</u>
Budgetary Fund Balance – Ending	<u>\$ 69,460</u>	<u>\$ 72,943</u>	<u>\$ 227,476</u>	<u>\$ 154,533</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule
Transportation Fund**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	\$ 240,367	\$ 235,000	\$ 241,484	\$ 6,484
Special Fuel Tax	87,850	90,000	93,837	3,837
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	29,986	31,014	30,690	(324)
Proportional Registration Fees	11,495	12,005	12,122	117
Temporary Permits	380	370	336	(34)
Special Transportation Permits	5,797	6,003	6,612	609
Highway Use Permits	7,896	8,704	8,421	(283)
Motor Vehicle Control Fees	4,198	4,702	4,757	55
Miscellaneous	1,650	2,002	1,895	(107)
Investment Income	1,999	2,200	3,457	1,257
Miscellaneous Other	2,399	1,000	1,677	677
Total General Revenues	<u>394,017</u>	<u>393,000</u>	<u>405,288</u>	<u>12,288</u>
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes	32,243	34,743	35,438	695
Federal Contracts and Grants	140,109	197,328	197,328	—
Departmental Collections	36,738	46,207	46,225	18
Federal Aeronautics	25,000	33,000	34,416	1,416
Investment Income	693	1,028	1,048	20
Miscellaneous	4,650	19,790	20,319	529
Total Department Specific Revenues	<u>239,433</u>	<u>332,096</u>	<u>334,774</u>	<u>2,678</u>
Total Revenues	<u>633,450</u>	<u>725,096</u>	<u>740,062</u>	<u>14,966</u>
Expenditures				
Transportation	<u>542,172</u>	<u>708,685</u>	<u>701,332</u>	<u>7,353</u>
Total Expenditures	<u>542,172</u>	<u>708,685</u>	<u>701,332</u>	<u>7,353</u>
Excess Revenues Over (Under) Expenditures	<u>91,278</u>	<u>16,411</u>	<u>38,730</u>	<u>22,319</u>
Other Financing Sources (Uses)				
Transfers In	17,357	48,406	48,406	—
Transfers Out	(102,034)	(109,216)	(109,216)	—
Total Other Financing Sources (Uses)	<u>(84,677)</u>	<u>(60,810)</u>	<u>(60,810)</u>	<u>0</u>
Net Change in Fund Balance	6,601	(44,399)	(22,080)	22,319
Budgetary Fund Balance – Beginning	182,569	182,569	182,569	—
Budgetary Fund Balance – Ending	<u>\$ 189,170</u>	<u>\$ 138,170</u>	<u>\$ 160,489</u>	<u>\$ 22,319</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule
Centennial Highway Fund**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	\$ 5,000	\$ 5,200	\$ 5,519	\$ 319
Motor Vehicle Registration Fees	20,400	20,600	20,422	(178)
Investment Income	1,400	1,400	3,137	1,737
Total General Revenues	<u>26,800</u>	<u>27,200</u>	<u>29,078</u>	<u>1,878</u>
Department Specific Revenues				
Federal Contracts and Grants	35,000	44,282	44,282	—
Total Department Specific Revenues	<u>35,000</u>	<u>44,282</u>	<u>44,282</u>	<u>0</u>
Total Revenues	<u>61,800</u>	<u>71,482</u>	<u>73,360</u>	<u>1,878</u>
Expenditures				
Transportation	118,195	152,953	152,953	—
Total Expenditures	<u>118,195</u>	<u>152,953</u>	<u>152,953</u>	<u>0</u>
Excess Revenues Over (Under) Expenditures	<u>(56,395)</u>	<u>(81,471)</u>	<u>(79,593)</u>	<u>1,878</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	48,000	47,050	47,050	—
Premium (Discount) on Bonds Issued	—	2,950	2,950	—
Transfers In	127,163	134,345	134,345	—
Transfers Out	(125,371)	(137,851)	(137,851)	—
Total Other Financing Sources (Uses)	<u>49,792</u>	<u>46,494</u>	<u>46,494</u>	<u>0</u>
Net Change in Fund Balance	(6,603)	(34,977)	(33,099)	1,878
Budgetary Fund Balance – Beginning	216,914	216,914	216,914	—
Budgetary Fund Balance – Ending	<u>\$ 210,311</u>	<u>\$ 181,937</u>	<u>\$ 183,815</u>	<u>\$ 1,878</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule
Budget To GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund
Revenues				
Actual total revenues (budgetary basis)	\$ 4,759,865	\$ 2,539,632	\$ 740,062	\$ 73,360
Differences – Budget to GAAP:				
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(287,335)	(4,152)	(22,255)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(332,299)	(4,612)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	7,889	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	30,746	17,496	1,755	98
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 4,178,866</u>	<u>\$ 2,548,364</u>	<u>\$ 719,562</u>	<u>\$ 73,458</u>
Expenditures				
Actual total expenditures (budgetary basis)	\$ 4,630,613	\$ 2,177,845	\$ 701,332	\$ 152,953
Differences – Budget to GAAP:				
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(287,335)	(4,152)	(22,255)	—
Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting	(332,299)	(4,612)	—	—
Certain budgetary transfers and other charges are reported as expenditures for financial reporting	(7,968)	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	2,132	(283)	(293)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	11,524	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 4,016,667</u>	<u>\$ 2,168,798</u>	<u>\$ 678,784</u>	<u>\$ 152,953</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**Budgetary Presentation**

A Budgetary Comparison Schedule is presented for each of the State's major governmental funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Debt Service Fund, a nonmajor fund. The budgets are enacted through passage of *Appropriations Acts*. Budgets for specific general revenues are not adopted through an *Appropriations Act* but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2005, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (1) lapse to unrestricted balances and be available for future appropriation; (2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (3) be nonlapsing, which means balances are reported as reservations of fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act*. Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by \$128 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), or capital developments meeting certain criteria are exempt from the appropriations limitation. In addition, the 2005 Legislature amended the definition of appropriations to exclude transfers to the Education Budget Reserve Account and the Transportation Investment Fund. For the fiscal year ended June 30, 2005, the State was \$88.2 million below the appropriations limitation. The State is currently below the fiscal year 2006 appropriations limitation by \$69.1 million.

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,724 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

Category	Range	Description
Very Good	4.35 – 5.00	New or nearly new pavements that provide a very smooth ride, and are mainly free of distress.
Good	3.55 – 4.34	Pavements that provide an adequate ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 – 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 – 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 – 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

Condition Level

The State’s established condition level is to maintain 50 percent of its roads with a rating of “fair” or better and no more than 15 percent of roads with a rating of “very poor.”

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of “fair” or better (ratings of 2.75 through 5.0) or “very poor” (ratings of 1.0 through 1.84) for the last three years:

Rating	2004	2003	2002
Fair or Better	74.7%	74.8%	73.0%
Very Poor	6.2%	6.4%	6.6%

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2005	\$ 226,345	\$ 307,858
2004	\$ 231,214	\$ 262,741
2003	\$ 230,860	\$ 224,645
2002	\$ 242,287	\$ 281,260
2001	\$ 239,273	\$ 209,439

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,810 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level

The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2005	2004	2003
Good	71.0%	70.0%	70.0%
Poor	3.0%	3.0%	3.0%

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2005	\$ 39,943	\$ 54,328
2004	\$ 40,803	\$ 46,366
2003	\$ 40,739	\$ 39,644
2002	\$ 42,757	\$ 49,634
2001	\$ 42,224	\$ 36,960

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SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

Tobacco Endowment Fund

This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends on fund assets is deposited in the General Fund.

Environmental Reclamation

This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation

This fund accounts for court ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

Universal Telephone Services

This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund

This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund

This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund

This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs, maintenance, and the restoration of Capitol Hill facilities and grounds. Funding is provided through private donations, fees, and legislative appropriations.

Miscellaneous Special Revenue

This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects – General Government

This fund accounts for the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority (Blended Component Unit)

This fund accounts for the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service – General Government

This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service – State Building Ownership Authority (Blended Component Unit)

This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

State of Utah**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2005

(Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	\$ 77	\$ 1,693	\$ 2,061	\$ 5,096
Investments	18,032	25,001	7,775	—
Receivables:				
Accounts, net	2,418	4	—	—
Accrued Interest	—	—	—	—
Notes/Mortgages, net	—	—	—	—
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Total Assets	<u>\$ 20,527</u>	<u>\$ 26,698</u>	<u>\$ 9,836</u>	<u>\$ 5,096</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ —	\$ 720	\$ 212	\$ —
Due To Other Funds	—	56	1	20
Due To Component Units	—	—	—	—
Deferred Revenue	2,418	1	—	—
Total Liabilities	<u>2,418</u>	<u>777</u>	<u>213</u>	<u>20</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	—	—	—	—
Specific Purposes by Statute	18,109	16,224	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	9,697	9,623	5,076
Capital Projects Funds	—	—	—	—
Total Fund Balances	<u>18,109</u>	<u>25,921</u>	<u>9,623</u>	<u>5,076</u>
Total Liabilities and Fund Balances	<u>\$ 20,527</u>	<u>\$ 26,698</u>	<u>\$ 9,836</u>	<u>\$ 5,096</u>

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ 382 3,141	\$ 5,520 14,340	\$ 564 138	\$ 3,444 31,778	\$ 98,910 111,650	\$ 3,914 26,642
11	—	—	678	17	—
—	—	—	—	—	64
—	155	—	—	—	—
—	—	49	2	931	5
—	—	—	—	13,382	—
<u>\$ 3,534</u>	<u>\$ 20,015</u>	<u>\$ 751</u>	<u>\$ 35,902</u>	<u>\$ 224,890</u>	<u>\$ 30,625</u>
\$ 134 76	\$ 93 —	\$ 32 668	\$ 26 401	\$ 18,425 565	\$ 583 7,773
—	—	—	—	—	1,503
—	—	—	27,401	—	—
<u>210</u>	<u>93</u>	<u>700</u>	<u>27,828</u>	<u>18,990</u>	<u>9,859</u>
—	—	—	—	276,845	6,873
—	—	—	5,692	251	—
—	—	—	—	—	13,824
—	—	—	—	—	—
—	—	—	—	—	69
—	—	—	—	—	—
3,324	19,922	51	2,382	—	—
—	—	—	—	(71,196)	—
<u>3,324</u>	<u>19,922</u>	<u>51</u>	<u>8,074</u>	<u>205,900</u>	<u>20,766</u>
<u>\$ 3,534</u>	<u>\$ 20,015</u>	<u>\$ 751</u>	<u>\$ 35,902</u>	<u>\$ 224,890</u>	<u>\$ 30,625</u>

Continues

State of Utah**Combining Balance Sheet
Nonmajor Governmental Funds****Continued**

June 30, 2005

(Expressed in Thousands)

	Debt Service		Total
	General	State Building	Nonmajor
	Government	Ownership	Governmental
		Authority	Funds
ASSETS			
Cash and Cash Equivalents	\$ 41,486	\$ 3,035	\$ 166,182
Investments	1,547	4,950	244,994
Receivables:			
Accounts, net	—	12	3,140
Accrued Interest	—	17	81
Notes/Mortgages, net	—	—	155
Due From Other Funds	—	686	1,673
Due From Component Units	—	12,797	26,179
Total Assets	<u>\$ 43,033</u>	<u>\$ 21,497</u>	<u>\$ 442,404</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 37,152	\$ 372	\$ 57,749
Due To Other Funds	—	1,421	10,981
Due To Component Units	—	—	1,503
Deferred Revenue	—	12,949	42,769
Total Liabilities	<u>37,152</u>	<u>14,742</u>	<u>113,002</u>
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances	—	—	283,718
Specific Purposes by Statute	—	—	40,276
Capital Projects	—	—	13,824
Debt Service	—	6,755	6,755
Unreserved Designated, reported in nonmajor:			
Capital Projects Funds	—	—	69
Debt Service Funds	5,881	—	5,881
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds	—	—	50,075
Capital Projects Funds	—	—	(71,196)
Total Fund Balances	<u>5,881</u>	<u>6,755</u>	<u>329,402</u>
Total Liabilities and Fund Balances	<u>\$ 43,033</u>	<u>\$ 21,497</u>	<u>\$ 442,404</u>

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State of Utah**Combining Statement Of Revenues,
Expenditures, And Changes In Fund Balances
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Other Taxes	\$ —	\$ —	\$ —	\$ —
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	2,322	—
Charges for Services	—	70	6,700	—
Licenses, Permits, and Fees	—	2,929	—	9,604
Intergovernmental	—	—	—	—
Investment Income	91	542	195	—
Miscellaneous and Other	—	26	—	—
Total Revenues	91	3,567	9,217	9,604
EXPENDITURES				
Current:				
General Government	—	786	7,036	—
Human Services and Youth Corrections	—	—	—	—
Corrections, Adult	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	3,915	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	87	—	—
Community and Economic Development	—	—	—	—
Business, Labor, and Agriculture	—	—	—	8,332
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	4,788	7,036	8,332
Excess Revenues Over (Under) Expenditures	91	(1,221)	2,181	1,272
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Revenue Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Transfers In	259	3,483	—	—
Transfers Out	—	(103)	(3,211)	—
Total Other Financing Sources (Uses)	259	3,380	(3,211)	0
Net Change in Fund Balances	350	2,159	(1,030)	1,272
Fund Balances – Beginning	17,759	23,762	10,653	3,804
Adjustments to Beginning Fund Balances	—	—	—	—
Fund Balances – Beginning as Adjusted	17,759	23,762	10,653	3,804
Fund Balances – Ending	\$ 18,109	\$ 25,921	\$ 9,623	\$ 5,076

Special Revenue			Miscellaneous Special Revenue	Capital Projects	
Consumer Education	Rural Development	State Capitol		General Government	State Building Ownership Authority
\$ —	\$ 4,451	\$ —	\$ —	\$ —	\$ —
0	4,451	0	0	0	0
—	—	—	1,661	—	—
1,073	—	314	186	—	—
943	—	—	—	—	—
—	—	142	—	3,962	—
69	329	5	613	3,690	611
—	1,268	—	1,220	1,521	6,310
2,085	6,048	461	3,680	9,173	6,921
—	—	2,704	314	6,323	—
—	—	—	507	1,318	—
—	—	—	—	4,588	—
—	—	—	1,427	295	—
—	—	—	—	1,679	—
—	—	—	—	1,421	—
—	—	—	—	11,061	—
—	—	—	273	872	—
—	—	—	—	2,710	—
—	1,220	—	43	23	—
1,704	—	—	—	160	—
—	—	—	31	67	—
—	—	—	4	544	—
—	—	—	—	118,754	20,734
—	—	—	—	—	—
—	—	—	—	—	—
1,704	1,220	2,704	2,599	149,815	20,734
381	4,828	(2,243)	1,081	(140,642)	(13,813)
—	—	—	—	93,585	—
—	—	—	—	—	17,397
—	—	—	—	—	—
—	—	—	—	6,415	237
—	—	—	—	—	—
—	—	2,294	239	151,683	—
(621)	—	—	(493)	(7,379)	(3,160)
(621)	0	2,294	(254)	244,304	14,474
(240)	4,828	51	827	103,662	661
3,564	15,094	—	7,603	102,238	20,105
—	—	—	(356)	—	—
3,564	15,094	0	7,247	102,238	20,105
\$ 3,324	\$ 19,922	\$ 51	\$ 8,074	\$ 205,900	\$ 20,766

Continues

State of Utah**Combining Statement Of Revenues,
Expenditures, And Changes In Fund Balances
Nonmajor Governmental Funds****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Debt Service		Total
	General	State Building	Nonmajor
	Government	Ownership	Governmental
		Authority	Funds
REVENUES			
Taxes:			
Other Taxes	\$ —	\$ —	\$ 4,451
Total Taxes	0	0	4,451
Other Revenues:			
Federal Contracts and Grants	—	—	3,983
Charges for Services	—	—	8,343
Licenses, Permits, and Fees	—	—	13,476
Intergovernmental	—	—	4,104
Investment Income	21	133	6,299
Miscellaneous and Other	—	56,030	66,375
Total Revenues	21	56,163	107,031
EXPENDITURES			
Current:			
General Government	—	—	17,163
Human Services and Youth Corrections	—	—	1,825
Corrections, Adult	—	—	4,588
Public Safety	—	—	1,722
Courts	—	—	1,679
Health and Environmental Quality	—	—	5,336
Higher Education – Colleges and Universities	—	—	11,061
Employment and Family Services	—	—	1,145
Natural Resources	—	—	2,797
Community and Economic Development	—	—	1,286
Business, Labor, and Agriculture	—	—	10,196
Public Education	—	—	98
Transportation	—	—	548
Capital Outlay	—	—	139,488
Debt Service:			
Principal Retirement	136,285	47,626	183,911
Interest and Other Charges	74,825	14,943	89,768
Total Expenditures	211,110	62,569	472,611
Excess Revenues Over (Under) Expenditures	(211,089)	(6,406)	(365,580)
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	93,585
Revenue Bonds Issued	—	1,033	18,430
Refunding Bonds Issued	—	22,066	22,066
Premium on Bonds Issued	431	2,006	9,089
Payment to Refunded Bond Escrow Agent	—	(23,212)	(23,212)
Transfers In	210,752	4,213	372,923
Transfers Out	—	—	(14,967)
Total Other Financing Sources (Uses)	211,183	6,106	477,914
Net Change in Fund Balances	94	(300)	112,334
Fund Balances – Beginning	5,787	7,055	217,424
Adjustments to Beginning Fund Balances	—	—	(356)
Fund Balances – Beginning as Adjusted	5,787	7,055	217,068
Fund Balances – Ending	\$ 5,881	\$ 6,755	\$ 329,402

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State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT					
Legislature					
1	Senate	\$ 2,671	\$ —	\$ —	\$ 2,671
2	House	3,553	—	—	3,553
5	Printing	770	—	173	943
6	Research and General Counsel	5,891	—	—	5,891
7	Tax Review Commission	52	—	—	52
8	Constitutional Revision Commission	61	—	—	61
4	Fiscal Analyst	2,579	—	—	2,579
3	Auditor General	2,183	—	—	2,183
	Total Legislature	17,760	0	173	17,933
Elected Officials					
17	State Treasurer	\$ 2,462	\$ —	\$ 149	\$ 2,611
9	GOV – Administrative Office	3,175	—	266	3,441
13	GOV – Planning and Budget	4,584	—	268	4,852
10	GOV – Elections	2,131	27	—	2,158
14	GOV – Chief Information Officer	748	—	—	748
15	GOV – Criminal and Juvenile Justice	2,677	12,572	167	15,416
12	GOV – RS 2477 Right of Way	3,649	—	—	3,649
18	Attorney General	18,959	1,416	14,062	34,437
19	AG – Contract Attorneys	248	—	1,209	1,457
21	AG – Prosecution Council	528	—	75	603
22	AG – Domestic Violence	90	—	—	90
20	AG – Children's Justice Centers	2,153	203	—	2,356
16	State Auditor	3,144	—	856	4,000
	Total Elected Officials	44,548	14,218	17,052	75,818
Government Operations					
45	Department of Administrative Services	\$ 772	\$ —	\$ 89	\$ 861
47	DAS – Administrative Rules	346	—	57	403
48	DAS – Facilities Construction and Management	4,038	—	—	4,038
49	DAS – Archives	2,049	—	31	2,080
50	DAS – Finance	13,387	—	2,050	15,437
52	DAS – Post Conviction Indigent Defense Fund	365	—	—	365
51	DAS – Mandated Expenditures	150	—	—	150
—	DAS – Convention Facilities	4,000	—	—	4,000
53	DAS – Judicial Conduct Commission	272	—	—	272
54	DAS – Purchasing	1,420	—	48	1,468
46	DAS – Automated Geographic Reference	1,144	495	429	2,068
64	Tax Commission – Administration	58,085	430	9,117	67,632
65	TAX – License Plates Production	2,659	—	2,250	4,909
66	TAX – Liquor Profit Distribution	3,134	—	—	3,134
94	Career Service Review Board	190	—	—	190
95	Human Resource Management	3,236	—	392	3,628
	Total Government Operations	95,247	925	14,463	110,635
	Total General Government	\$ 157,555	\$ 15,143	\$ 31,688	\$ 204,386

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 1,682	\$ —	\$ —	\$ 989	1
3,224	—	—	329	2
694	—	—	249	5
5,164	—	—	727	6
49	—	—	3	7
59	—	—	2	8
2,032	—	—	547	4
2,099	—	—	84	3
<u>15,003</u>	<u>0</u>	<u>0</u>	<u>2,930</u>	
\$ 2,189	\$ —	\$ 71	\$ 351	17
3,179	—	—	262	9
4,271	—	—	581	13
970	—	—	1,188	10
563	—	—	185	14
15,206	—	—	210	15
640	—	1,649	1,360	12
34,217	—	—	220	18
1,319	—	—	138	19
531	—	—	72	21
89	—	—	1	22
2,239	—	—	117	20
3,704	—	—	296	16
<u>69,117</u>	<u>0</u>	<u>1,720</u>	<u>4,981</u>	
\$ 818	\$ 43	\$ —	\$ —	45
350	—	—	53	47
3,877	—	161	—	48
2,036	—	—	44	49
10,088	—	—	5,349	50
45	—	—	320	52
112	38	—	—	51
—	—	—	4,000	—
230	—	—	42	53
1,384	—	—	84	54
1,529	—	—	539	46
58,757	—	—	8,875	64
1,875	—	—	3,034	65
3,134	—	—	—	66
189	—	—	1	94
3,173	—	—	455	95
<u>87,597</u>	<u>81</u>	<u>161</u>	<u>22,796</u>	
<u>\$ 171,717</u>	<u>\$ 81</u>	<u>\$ 1,881</u>	<u>\$ 30,707</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HUMAN SERVICES					
120	Department of Human Services	\$ 8,008	\$ 7,326	\$ 4,384	\$ 19,718
122	Substance Abuse and Mental Health	70,757	26,235	13,137	110,129
121	Drug Court Program	1,647	—	—	1,647
123	Services for People with Disabilities	47,242	2,443	112,559	162,244
124	Recovery Services	10,735	29,074	4,455	44,264
125	Child and Family Services	69,093	44,945	21,655	135,693
29	Juvenile Justice Services	74,209	2,255	19,974	96,438
30	Youth Parole Authority	335	14	—	349
126	Aging and Adult Services	12,346	8,973	370	21,689
	Total Human Services	<u>\$ 294,372</u>	<u>\$ 121,265</u>	<u>\$ 176,534</u>	<u>\$ 592,171</u>
CORRECTIONS					
23	Corrections – Programs and Operations	\$ 160,416	\$ 816	\$ 3,929	\$ 165,161
25	Jail Contracting	18,816	—	—	18,816
26	Jail Reimbursement	9,081	—	—	9,081
28	Board of Pardons and Parole	2,883	—	1	2,884
	Total Corrections	<u>\$ 191,196</u>	<u>\$ 816</u>	<u>\$ 3,930</u>	<u>\$ 195,942</u>
PUBLIC SAFETY					
Department of Public Safety					
37	Programs and Operations	\$ 63,331	\$ 1,547	\$ 10,329	\$ 75,207
38	Emergency Services and Homeland Security	27,173	37,327	602	65,102
39	Peace Officer's Standards and Training	2,916	1,421	218	4,555
40	Liquor Law Enforcement	1,420	—	—	1,420
41	Driver License	19,683	125	283	20,091
42	Highway Safety	505	2,499	—	3,004
	Total Department of Public Safety	<u>115,028</u>	<u>42,919</u>	<u>11,432</u>	<u>169,379</u>
Utah National Guard					
219	Utah National Guard Administration	<u>\$ 4,602</u>	<u>\$ 20,020</u>	<u>\$ 246</u>	<u>\$ 24,868</u>
	Total Utah National Guard	<u>4,602</u>	<u>20,020</u>	<u>246</u>	<u>24,868</u>
	Total Public Safety	<u>\$ 119,630</u>	<u>\$ 62,939</u>	<u>\$ 11,678</u>	<u>\$ 194,247</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 19,171	\$ 8	\$ —	\$ 539	120
109,555	518	—	56	122
1,647	—	—	—	121
159,093	—	—	3,151	123
44,215	3	—	46	124
133,674	3	349	1,667	125
96,259	—	90	89	29
265	—	—	84	30
21,584	5	—	100	126
<u>\$ 585,463</u>	<u>\$ 537</u>	<u>\$ 439</u>	<u>\$ 5,732</u>	
\$ 163,039	\$ —	\$ 166	\$ 1,956	23
18,716	—	—	100	25
9,081	—	—	—	26
2,777	—	—	107	28
<u>\$ 193,613</u>	<u>\$ 0</u>	<u>\$ 166</u>	<u>\$ 2,163</u>	
\$ 67,119	\$ —	\$ 970	\$ 7,118	37
43,227	—	1,416	20,459	38
4,516	—	—	39	39
1,368	—	—	52	40
18,697	—	—	1,394	41
3,004	—	—	—	42
<u>137,931</u>	<u>0</u>	<u>2,386</u>	<u>29,062</u>	
<u>\$ 24,792</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 76</u>	219
24,792	0	0	76	
<u>\$ 162,723</u>	<u>\$ 0</u>	<u>\$ 2,386</u>	<u>\$ 29,138</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
STATE COURTS					
31	Judicial Council	\$ 80,781	\$ 173	\$ 2,672	\$ 83,626
32	Grand Jury	1	—	—	1
33	Contracts and Leases	19,429	—	250	19,679
34	Jury and Witness Fees	1,525	—	4	1,529
35	Guardian Ad Litem	3,900	—	8	3,908
	Total State Courts	<u>\$ 105,636</u>	<u>\$ 173</u>	<u>\$ 2,934</u>	<u>\$ 108,743</u>
HEALTH and ENVIRONMENTAL QUALITY					
—	Commodities	\$ —	\$ 8,855	\$ —	\$ 8,855
111	Department of Health	6,003	18,067	2,640	26,710
112	Health System Improvements	5,002	3,575	4,535	13,112
114	Epidemiology and Laboratory Services	4,824	8,128	3,108	16,060
115	Community and Family Health Services	18,235	59,114	21,890	99,239
116	Health Care Financing	10,108	38,075	19,896	68,079
117	Medical Assistance	263,387	964,057	171,465	1,398,909
119	Local Health Department	2,041	—	—	2,041
118	Children's Health Insurance Program	7,006	28,313	735	36,054
113	Workforce Assistance	1,631	140	—	1,771
220	Environmental Quality	19,906	13,911	7,561	41,378
	Total Health and Environmental Quality	<u>\$ 338,143</u>	<u>\$ 1,142,235</u>	<u>\$ 231,830</u>	<u>\$ 1,712,208</u>
HIGHER EDUCATION					
168	Board of Regents	\$ 3,286	\$ 116	\$ —	\$ 3,402
171	REG - Campus Compact	100	—	—	100
176	REG - Nursing Initiative	675	—	—	675
170	REG – Federal Programs	1	448	—	449
169	REG – Engineering Initiative	1,003	—	—	1,003
172	REG – Student Aid	7,628	779	6	8,413
173	REG – WICHE	1,222	—	—	1,222
174	REG – T. H. Bell Scholarship Program	779	—	276	1,055
175	REG – University Centers	258	—	—	258
177	REG – Technology Initiative	2,446	—	—	2,446
178	REG – Electronic College	520	—	—	520
179	REG – Academic Library Consortium	2,883	—	—	2,883
128	U of U – Education and General	194,776	—	107,092	301,868
129	U of U – Educationally Disadvantaged	709	—	—	709
130	U of U – School of Medicine	20,564	—	8,649	29,213
131	U of U – University Hospital	4,446	—	—	4,446
132	U of U – Regional Dental Education	559	—	156	715
133	U of U – Public Service	1,288	—	—	1,288
134	U of U – Statewide TV Administration	2,417	—	—	2,417

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 81,252	\$ —	\$ 1,379	\$ 995	31
1	—	—	—	32
19,480	—	—	199	33
1,657	—	—	(128)	34
3,886	—	—	22	35
<u>\$ 106,276</u>	<u>\$ 0</u>	<u>\$ 1,379</u>	<u>\$ 1,088</u>	
\$ 8,855	\$ —	\$ —	\$ —	—
26,520	2	63	125	111
11,329	66	—	1,717	112
15,865	—	—	195	114
98,790	2	—	447	115
67,679	—	153	247	116
1,397,207	—	1,081	621	117
2,041	—	—	—	119
35,867	—	187	—	118
795	—	—	976	113
39,140	—	1,455	783	220
<u>\$ 1,704,088</u>	<u>\$ 70</u>	<u>\$ 2,939</u>	<u>\$ 5,111</u>	
\$ 3,402	\$ —	\$ —	\$ —	168
100	—	—	—	171
675	—	—	—	176
449	—	—	—	170
1,003	—	—	—	169
8,413	—	—	—	172
1,222	—	—	—	173
1,055	—	—	—	174
258	—	—	—	175
2,446	—	—	—	177
520	—	—	—	178
2,883	—	—	—	179
301,868	—	—	—	128
709	—	—	—	129
29,213	—	—	—	130
4,446	—	—	—	131
715	—	—	—	132
1,288	—	—	—	133
2,417	—	—	—	134
				Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HIGHER EDUCATION (Continued)					
135	U of U – Poison Control Center	—	—	2,124	2,124
136	USU – Education and General	99,549	—	44,355	143,904
137	USU – Educationally Disadvantaged	232	—	—	232
142	USU – Water Research Laboratory	3,413	—	—	3,413
143	USU – Agricultural Experiment Station	11,905	3,219	—	15,124
144	USU – Cooperative Extension Service	11,361	2,247	—	13,608
138	USU – Uintah Basin CEC	2,890	—	2,523	5,413
139	USU – Southeastern Utah CEC	640	—	415	1,055
140	USU – Brigham City CEC	462	—	1,430	1,892
141	USU – Tooele CEC	1,091	—	3,516	4,607
145	Weber – Education and General	56,786	—	35,602	92,388
146	Weber – Educationally Disadvantaged	332	—	—	332
147	SUU – Education and General	26,716	—	13,741	40,457
148	SUU – Educationally Disadvantaged	93	—	—	93
149	SUU – Shakespeare Festival	25	—	—	25
150	SUU – Rural Development	98	—	—	98
151	Snow College – Education and General	16,094	—	5,414	21,508
152	Snow College – Educationally Disadvantaged	32	—	—	32
153	Snow College Applied Technology	1,297	—	—	1,297
154	Dixie – Education and General	16,825	—	9,343	26,168
155	Dixie – Educationally Disadvantaged	31	—	—	31
156	Dixie – Zion Park Amphitheatre	57	—	79	136
157	CEU – Education and General	10,416	—	3,462	13,878
158	CEU – Educationally Disadvantaged	117	—	—	117
159	CEU – Prehistoric Museum	213	—	—	213
160	CEU – San Juan Center	1,835	—	—	1,835
161	CEU – Price Distance Education	138	—	—	138
162	CEU – SJC Distance Education	138	—	—	138
163	UVSC – Education and General	42,414	—	46,469	88,883
164	UVSC – Educationally Disadvantaged	135	—	—	135
165	SLCC – Education and General	50,916	—	36,300	87,216
166	SLCC – Educationally Disadvantaged	178	—	—	178
167	SLCC – Skill Center	3,984	—	1,318	5,302
67	Utah College of Applied Technology	4,712	—	—	4,712
68	UCAT Bridgerland	7,551	—	836	8,387
69	UCAT Davis	7,608	—	1,533	9,141
72	UCAT Ogden/Weber	8,453	—	1,501	9,954
76	UCAT Uintah Basin	3,987	—	255	4,242
73	UCAT Salt Lake/Tooele	2,376	—	243	2,619
71	UCAT Mountainlands	2,875	—	159	3,034
74	UCAT Southeast	883	—	130	1,013
75	UCAT Southwest	1,416	—	133	1,549
70	UCAT Dixie	992	—	56	1,048
181	UEN Satellite Telecommunication	1,454	—	—	1,454
180	Utah Education Network	14,544	—	—	14,544
182	Medical Education Council	36	—	673	709
	Total Higher Education	\$ 662,860	\$ 6,809	\$ 327,789	\$ 997,458

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
2,124	—	—	—	135
143,904	—	—	—	136
232	—	—	—	137
3,413	—	—	—	142
15,124	—	—	—	143
13,608	—	—	—	144
5,413	—	—	—	138
1,055	—	—	—	139
1,892	—	—	—	140
4,607	—	—	—	141
92,388	—	—	—	145
332	—	—	—	146
40,457	—	—	—	147
93	—	—	—	148
25	—	—	—	149
98	—	—	—	150
21,508	—	—	—	151
32	—	—	—	152
1,297	—	—	—	153
26,168	—	—	—	154
31	—	—	—	155
136	—	—	—	156
13,878	—	—	—	157
117	—	—	—	158
213	—	—	—	159
1,835	—	—	—	160
138	—	—	—	161
138	—	—	—	162
88,883	—	—	—	163
135	—	—	—	164
87,216	—	—	—	165
178	—	—	—	166
5,302	—	—	—	167
4,712	—	—	—	67
8,387	—	—	—	68
9,141	—	—	—	69
9,954	—	—	—	72
4,242	—	—	—	76
2,619	—	—	—	73
3,034	—	—	—	71
1,013	—	—	—	74
1,549	—	—	—	75
1,048	—	—	—	70
1,454	—	—	—	181
14,544	—	—	—	180
697	—	—	12	182
<u>\$ 997,446</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
WORKFORCE SERVICES					
—	Food Stamps – EBT Issuances	\$ —	\$ 134,502	\$ —	\$ 134,502
77	Department of Workforce Services	66,536	217,890	8,104	292,530
—	Nonappropriated	—	—	—	—
	Total Workforce Services	<u>\$ 66,536</u>	<u>\$ 352,392</u>	<u>\$ 8,104</u>	<u>\$ 427,032</u>
NATURAL RESOURCES					
183	Department of Natural Resources	\$ 5,325	\$ 827	\$ —	\$ 6,152
185	Rent, Utilities, and Fixtures	1,661	—	—	1,661
186	Forestry, Fire, and State Lands	9,453	4,322	3,497	17,272
187	Oil, Gas, and Mining	3,458	3,442	191	7,091
188	Wildlife Resources	29,773	10,184	183	40,140
184	Species Protection	1,105	—	2,450	3,555
—	Watershed Development	2,000	—	—	2,000
191	Contributed Research	—	—	687	687
192	Cooperative Environmental Studies	—	4,239	2,235	6,474
194	Parks and Recreation	24,291	1,116	508	25,915
195	Parks and Recreation – Capital Development	7,415	2,665	738	10,818
196	Utah Geological Survey	4,628	676	868	6,172
197	Water Resources	4,621	65	28	4,714
193	Wildlife Resources – Capital Development	2,197	661	—	2,858
200	Water Rights	6,201	39	322	6,562
—	Public Lands Policy Office	304	—	—	304
—	Oil Overcharge	3	—	—	3
	Total Natural Resources	<u>\$ 102,435</u>	<u>\$ 28,236</u>	<u>\$ 11,707</u>	<u>\$ 142,378</u>
COMMUNITY AND ECONOMIC DEVELOPMENT					
96	Community and Economic Development	\$ 4,401	\$ —	\$ —	\$ 4,401
97	Incentive Funds Administration	189	—	185	374
—	Industrial Assistance Grants	3,618	—	—	3,618
98	Indian Affairs	224	1	—	225
99	Business and Economic Development	17,039	422	—	17,461
100	Travel Council	3,798	—	199	3,997
101	State History	1,886	514	27	2,427
102	Historical Society	175	24	166	365
103	Fine Arts	3,396	740	462	4,598
104	State Library	4,054	1,255	1,877	7,186
105	Community Development	5,841	32,513	571	38,925
107	Community Development Capital	13,584	—	—	13,584
106	Zoos	1,599	—	—	1,599
—	Housing Loan	—	—	—	—
	Total Community and Economic Development	<u>\$ 59,804</u>	<u>\$ 35,469</u>	<u>\$ 3,487</u>	<u>\$ 98,760</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 134,502	\$ —	\$ —	\$ —	—
285,616	—	—	6,914	77
(51)	—	51	—	—
<u>\$ 420,067</u>	<u>\$ 0</u>	<u>\$ 51</u>	<u>\$ 6,914</u>	
\$ 4,729	\$ —	\$ 1,248	\$ 175	183
1,661	—	—	—	185
15,114	—	97	2,061	186
6,686	—	—	405	187
36,176	—	3,587	377	188
3,073	—	482	—	184
—	—	—	2,000	—
687	—	—	—	191
6,474	—	—	—	192
25,489	5	49	372	194
5,786	—	150	4,882	195
5,963	—	—	209	196
4,682	—	18	14	197
1,719	205	—	934	193
6,463	—	—	99	200
288	—	16	—	—
3	—	—	—	—
<u>\$ 124,993</u>	<u>\$ 210</u>	<u>\$ 5,647</u>	<u>\$ 11,528</u>	
\$ 3,383	\$ 1	\$ —	\$ 1,017	96
194	—	—	180	97
3,618	—	—	—	—
221	4	—	—	98
8,815	—	—	8,646	99
3,313	—	—	684	100
2,411	—	—	16	101
179	—	—	186	102
3,643	—	—	955	103
7,186	—	—	—	104
38,698	4	102	121	105
13,584	—	—	—	107
1,471	128	—	—	106
(85)	—	85	—	—
<u>\$ 86,631</u>	<u>\$ 137</u>	<u>\$ 187</u>	<u>\$ 11,805</u>	
Continues				

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
BUSINESS, LABOR, and AGRICULTURE					
202	Department of Agriculture and Food	\$ 11,677	\$ 3,824	\$ 2,941	\$ 18,442
203	AGR – Building Operations	270	—	—	270
204	AGR – Utah State Fair	793	—	—	793
205	AGR – Predatory Animal Control	1,191	—	453	1,644
206	AGR – Resource Conservation	1,283	—	—	1,283
—	AGR – Taylor Grazing Act	—	105	—	105
79	Labor Commission	6,557	2,280	25	8,862
80	Department of Commerce	19,104	199	1,484	20,787
82	COM/Public Utilities – Professional Services	227	—	—	227
83	COM/Consumer Services – Professional Services ...	920	—	—	920
84	Financial Institutions	4,704	—	—	4,704
85	Insurance Department	5,147	—	2,722	7,869
87	Bail Bond Program	22	—	—	22
88	Title Insurance Program	58	—	39	97
86	Comprehensive Health Insurance Pool	16,204	—	—	16,204
89	Public Service Commission	1,747	—	3	1,750
90	PSC – Research and Analysis	—	—	51	51
91	PSC – Speech and Hearing Impaired	3,900	—	1,313	5,213
	Total Business, Labor, and Agriculture	\$ 73,804	\$ 6,408	\$ 9,031	\$ 89,243
TOTAL GENERAL FUND					
	Total Expenditures	\$ 2,171,971	\$ 1,771,885	\$ 818,712	\$ 4,762,568

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 15,787	\$ —	\$ 220	\$ 2,435	202
270	—	—	—	203
793	—	—	—	204
1,373	—	252	19	205
1,278	—	—	5	206
105	—	—	—	—
8,809	—	53	—	79
17,850	—	1,815	1,122	80
97	—	—	130	82
617	—	—	303	83
4,537	—	167	—	84
6,885	34	—	950	85
18	—	4	—	87
57	—	—	40	88
16,204	—	—	—	86
1,598	—	—	152	89
51	—	—	—	90
1,267	—	—	3,946	91
<u>\$ 77,596</u>	<u>\$ 34</u>	<u>\$ 2,511</u>	<u>\$ 9,102</u>	
 <u>\$ 4,630,613</u>	 <u>\$ 1,069</u>	 <u>\$ 17,586</u>	 <u>\$ 113,300</u>	

State of Utah**Detail Schedule of Expenditures—Budget and Actual Comparison
Uniform School Fund, Transportation Fund,
Centennial Highway Fund, and Debt Service Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
UNIFORM SCHOOL FUND					
Office of Education					
210	State Office of Education	\$ 33,662	\$ 210,282	\$ 5,956	\$ 249,900
211	State Office of Rehabilitation	19,380	34,132	442	53,954
—	Minimum School Program	1,762,128	—	76	1,762,204
214	Child Nutrition	145	88,121	18,123	106,389
215	Board of Education – Fine Arts and Sciences	3,299	—	—	3,299
216	Educational Contracts	3,855	—	—	3,855
—	Commodities	—	12,103	—	12,103
218	Indirect Cost Pool	—	—	3,833	3,833
	Total Office of Education	1,822,469	344,638	28,430	2,195,537
Schools for the Deaf and the Blind					
212	Schools for the Deaf and the Blind	\$ 19,167	\$ 27	\$ 3,955	\$ 23,149
123	Institutional Council	—	—	630	630
	Total Schools for the Deaf and the Blind	19,167	27	4,585	23,779
	Total Uniform School Fund	\$ 1,841,636	\$ 344,665	\$ 33,015	\$ 2,219,316
TRANSPORTATION FUND					
223	Support Services	\$ 24,252	\$ 509	\$ —	\$ 24,761
224	Engineering Services	19,315	12,996	959	33,270
225	Maintenance Management	91,773	7,510	1,830	101,113
226	Construction Management	106,916	173,445	13,083	293,444
227	Region Management	18,037	2,789	1,350	22,176
228	Equipment Management	4,581	—	20,862	25,443
229	Aeronautics	8,175	79	34,955	43,209
230	B and C Roads	114,529	—	—	114,529
231	Safe Sidewalk Construction	1,932	—	—	1,932
232	Mineral Lease	36,267	—	—	36,267
—	Corridor Preservation	9,594	—	—	9,594
—	Nonappropriated	—	—	2,947	2,947
	Total Transportation Fund	\$ 435,371	\$ 197,328	\$ 75,986	\$ 708,685
CENTENNIAL HIGHWAY FUND					
—	Centennial Highway Program	\$ 55,534	\$ 44,282	\$ 53,137	\$ 152,953
DEBT SERVICE FUNDS					
—	General Government	\$ 206,986	\$ —	\$ 4,124	\$ 211,110
—	State Building Ownership Authority	1,144	—	61,425	62,569
	Total Debt Service Funds	\$ 208,130	\$ 0	\$ 65,549	\$ 273,679

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 238,684	\$ 1,049	\$ 65	\$ 10,102	210
53,954	—	—	—	211
1,732,005	76	—	30,123	—
106,387	2	—	—	214
3,299	—	—	—	215
3,855	—	—	—	216
12,103	—	—	—	—
3,779	—	54	—	218
<u>2,154,066</u>	<u>1,127</u>	<u>119</u>	<u>40,225</u>	
\$ 23,149	\$ —	\$ —	\$ —	212
630	—	—	—	123
<u>23,779</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<u>\$ 2,177,845</u>	<u>\$ 1,127</u>	<u>\$ 119</u>	<u>\$ 40,225</u>	
\$ 24,277	\$ 184	\$ —	\$ 300	223
33,154	16	—	100	224
101,112	1	—	—	225
293,308	136	—	—	226
22,056	20	—	100	227
25,443	—	—	—	228
40,773	—	2,436	—	229
114,529	—	—	—	230
169	—	—	1,763	231
36,267	—	—	—	232
9,594	—	—	—	—
650	2,297	—	—	—
<u>\$ 701,332</u>	<u>\$ 2,654</u>	<u>\$ 2,436</u>	<u>\$ 2,263</u>	
<u>\$ 152,953</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	—
\$ 211,110	\$ —	\$ —	\$ —	—
62,569	—	—	—	—
<u>\$ 273,679</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	

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Nonmajor Enterprise Funds

Community Impact Loan Fund

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund.

Housing Loan Programs

These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of multi-family or single family housing. Funds are provided from federal funds, appropriations, loan repayments, and interest earnings.

Agriculture Loan Fund

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Clean Fuels Vehicle Loan Fund

This fund was created to provide a revolving loan fund for the conversion of government and private fleet vehicles to clean fuel. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Petroleum Storage Tank Loan Fund

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

Alcoholic Beverage Control

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries (UCI)

UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration

This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

Utah Dairy Commission

The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of collections from milk producers.

State of Utah**Combining Statement Of Net Assets
Nonmajor Enterprise Funds**

June 30, 2005

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 108,584	\$ 9,834	\$ 10,563	\$ 2,473
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	1,895	630	397	—
Notes/Loans/Mortgages, net	10,736	1,103	3,374	8
Due From Other Funds	—	2	4	—
Interfund Loans Receivable	—	—	—	20
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	<u>121,215</u>	<u>11,569</u>	<u>14,338</u>	<u>2,501</u>
Noncurrent Assets:				
Investments	—	1,050	—	—
Notes/Loans/Mortgages Receivables, net	166,003	48,561	21,773	18
Accrued Interest Receivable	147	377	—	—
Interfund Loans Receivable	—	—	—	20
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	20	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	—	(20)	—
Total Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets	<u>166,150</u>	<u>49,988</u>	<u>21,773</u>	<u>38</u>
Total Assets	<u>287,365</u>	<u>61,557</u>	<u>36,111</u>	<u>2,539</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	—	23	17	—
Due To Other Funds	—	143	21	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	<u>0</u>	<u>166</u>	<u>38</u>	<u>0</u>
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>166</u>	<u>38</u>	<u>0</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	—	33,734	3,352	—
Unrestricted	<u>287,365</u>	<u>27,657</u>	<u>32,721</u>	<u>2,539</u>
Total Net Assets	<u>\$ 287,365</u>	<u>\$ 61,391</u>	<u>\$ 36,073</u>	<u>\$ 2,539</u>

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ 5,301	\$ 109	\$ 682	\$ 4,159	\$ 762	\$ 142,467
—	2,175	1,363	3,238	238	7,014
1	—	—	—	—	2,923
146	—	—	—	—	15,367
—	8,625	952	28	—	9,611
—	—	—	—	—	20
—	24	1	—	—	25
—	17,942	1,636	—	26	19,604
<u>5,448</u>	<u>28,875</u>	<u>4,634</u>	<u>7,425</u>	<u>1,026</u>	<u>197,031</u>
—	—	—	—	—	1,050
265	—	—	—	—	236,620
—	—	—	—	—	524
—	—	—	—	—	20
—	6,050	—	16,232	32	22,314
—	—	204	—	—	204
—	29,890	1,973	233	117	32,213
—	8,380	2,729	1,071	120	12,320
—	479	—	—	—	479
—	(12,939)	(2,575)	(956)	(184)	(16,674)
<u>0</u>	<u>31,860</u>	<u>2,331</u>	<u>16,580</u>	<u>85</u>	<u>50,856</u>
<u>265</u>	<u>31,860</u>	<u>2,331</u>	<u>16,580</u>	<u>85</u>	<u>289,070</u>
<u>5,713</u>	<u>60,735</u>	<u>6,965</u>	<u>24,005</u>	<u>1,111</u>	<u>486,101</u>
—	8,394	893	2,707	90	12,124
1	10,148	109	1,793	—	12,215
—	3	—	1,837	—	1,840
—	1,162	51	—	—	1,213
<u>1</u>	<u>19,707</u>	<u>1,053</u>	<u>6,337</u>	<u>90</u>	<u>27,392</u>
—	28,970	1,038	—	—	30,008
<u>0</u>	<u>28,970</u>	<u>1,038</u>	<u>0</u>	<u>0</u>	<u>30,008</u>
<u>1</u>	<u>48,677</u>	<u>2,091</u>	<u>6,337</u>	<u>90</u>	<u>57,400</u>
—	9,468	1,378	16,580	85	27,511
—	—	—	—	—	37,086
<u>5,712</u>	<u>2,590</u>	<u>3,496</u>	<u>1,088</u>	<u>936</u>	<u>364,104</u>
<u>\$ 5,712</u>	<u>\$ 12,058</u>	<u>\$ 4,874</u>	<u>\$ 17,668</u>	<u>\$ 1,021</u>	<u>\$ 428,701</u>

State of Utah**Combining Statement of Revenues, Expenses, And
Changes In Fund Net Assets
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	\$ —	\$ —	\$ —	\$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	3,402	955	870	1
Miscellaneous	—	—	4	—
Total Operating Revenues	<u>3,402</u>	<u>955</u>	<u>874</u>	<u>1</u>
OPERATING EXPENSES				
Administration	—	112	178	22
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	707	—	—
Rentals and Leases	—	—	4	—
Maintenance	—	—	—	—
Depreciation	—	—	—	—
Miscellaneous Other:				
Data Processing	—	—	—	—
Supplies	—	—	22	—
Utilities	—	—	—	—
Advertising and Other	47	90	—	—
Total Operating Expenses	<u>47</u>	<u>909</u>	<u>204</u>	<u>22</u>
Operating Income (Loss)	<u>3,355</u>	<u>46</u>	<u>670</u>	<u>(21)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,965	200	180	56
Federal Grants	—	2,910	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	—	525	—
Interest Expense	—	—	—	—
Other Revenues (Expenses)	195	(4)	—	—
Total Nonoperating Revenues (Expenses)	<u>2,160</u>	<u>3,106</u>	<u>705</u>	<u>56</u>
Income (Loss) before Transfers	5,515	3,152	1,375	35
Transfers In	32,382	1,961	1,000	—
Transfers Out	(792)	—	(333)	—
Change in Net Assets	37,105	5,113	2,042	35
Net Assets – Beginning	250,260	56,278	34,031	2,504
Net Assets – Ending	<u>\$ 287,365</u>	<u>\$ 61,391</u>	<u>\$ 36,073</u>	<u>\$ 2,539</u>

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ —	\$ 151,278	\$ 15,747	\$ 12,858	\$ 42	\$ 179,925
—	1,485	—	21	2,047	3,553
14	—	—	—	—	5,242
—	241	—	—	149	394
<u>14</u>	<u>153,004</u>	<u>15,747</u>	<u>12,879</u>	<u>2,238</u>	<u>189,114</u>
—	13,615	4,922	4,953	543	24,345
—	93,865	8,262	—	—	102,127
—	—	—	—	—	707
—	739	320	576	—	1,639
—	1,721	309	16	—	2,046
—	1,871	198	26	15	2,110
—	652	196	253	—	1,101
—	704	634	153	—	1,513
—	333	96	89	—	518
—	264	218	1,672	1,791	4,082
<u>0</u>	<u>113,764</u>	<u>15,155</u>	<u>7,738</u>	<u>2,349</u>	<u>140,188</u>
<u>14</u>	<u>39,240</u>	<u>592</u>	<u>5,141</u>	<u>(111)</u>	<u>48,926</u>
124	14	—	(2)	10	2,547
—	—	—	—	—	2,910
—	(54)	(10)	—	—	(64)
—	—	—	—	—	525
—	(1,133)	(43)	—	—	(1,176)
—	—	—	—	—	191
<u>124</u>	<u>(1,173)</u>	<u>(53)</u>	<u>(2)</u>	<u>10</u>	<u>4,933</u>
138	38,067	539	5,139	(101)	53,859
—	1,594	—	—	—	36,937
<u>(142)</u>	<u>(39,992)</u>	<u>(1,540)</u>	<u>(47)</u>	<u>—</u>	<u>(42,846)</u>
(4)	(331)	(1,001)	5,092	(101)	47,950
5,716	12,389	5,875	12,576	1,122	380,751
<u>\$ 5,712</u>	<u>\$ 12,058</u>	<u>\$ 4,874</u>	<u>\$ 17,668</u>	<u>\$ 1,021</u>	<u>\$ 428,701</u>

State of Utah**Combining Statement Of Cash Flows
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 3,107	\$ 1,027	\$ 939	\$ 1
Receipts from Loan Maturities	13,763	2,749	4,442	19
Receipts from State Customers	—	—	3	20
Payments to Suppliers/Claims/Grants	—	(478)	(11)	(26)
Disbursements for Loans Receivable	(15,327)	(6,558)	(3,269)	—
Payments for Employee Services and Benefits	—	—	(160)	(2)
Payments to State Suppliers	(47)	(112)	(8)	(20)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by				
Operating Activities	1,496	(3,372)	1,936	(8)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Grants and Other Revenues	195	2,910	—	—
Restricted Sales Tax	—	—	525	—
Transfers In from Other Funds	32,382	1,961	1,000	—
Transfers Out to Other Funds	(792)	—	(333)	—
Net Cash Provided (Used) by				
Noncapital Financing Activities	31,785	4,871	1,192	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by				
Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	1,965	200	180	57
Net Cash Provided (Used) by				
Investing Activities	1,965	200	180	57
Net Cash Provided (Used) – All Activities	35,246	1,699	3,308	49
Cash and Cash Equivalents – Beginning	73,338	8,135	7,255	2,424
Cash and Cash Equivalents – Ending	<u>\$ 108,584</u>	<u>\$ 9,834</u>	<u>\$ 10,563</u>	<u>\$ 2,473</u>

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ 14	\$ 182,301	\$ 6,169	\$ 15,759	\$ 2,163	\$ 211,480
142	—	—	—	—	21,115
—	—	9,188	—	—	9,211
—	(99,836)	(9,997)	(1,673)	(1,720)	(113,741)
(11)	—	—	—	—	(25,165)
—	(12,103)	(4,884)	(4,894)	(541)	(22,584)
(2)	(1,542)	(486)	(2,403)	—	(4,620)
—	(29,390)	—	—	—	(29,390)
<u>143</u>	<u>39,430</u>	<u>(10)</u>	<u>6,789</u>	<u>(98)</u>	<u>46,306</u>
—	7,263	—	—	—	7,263
—	(6,428)	—	—	—	(6,428)
—	—	—	—	—	3,105
—	—	—	—	—	525
—	—	—	—	—	35,343
(142)	(38,067)	(1,540)	—	—	(40,874)
<u>(142)</u>	<u>(37,232)</u>	<u>(1,540)</u>	<u>0</u>	<u>0</u>	<u>(1,066)</u>
—	6,359	984	—	—	7,343
—	(5,194)	(1,040)	—	—	(6,234)
—	(1,901)	(493)	(5,032)	(11)	(7,437)
—	(1,142)	(43)	—	—	(1,185)
—	1,593	—	—	—	1,593
—	(1,925)	—	(47)	—	(1,972)
<u>0</u>	<u>(2,210)</u>	<u>(592)</u>	<u>(5,079)</u>	<u>(11)</u>	<u>(7,892)</u>
—	—	—	—	207	207
<u>124</u>	<u>14</u>	<u>—</u>	<u>(2)</u>	<u>10</u>	<u>2,548</u>
<u>124</u>	<u>14</u>	<u>0</u>	<u>(2)</u>	<u>217</u>	<u>2,755</u>
125	2	(2,142)	1,708	108	40,103
5,176	107	2,824	2,451	654	102,364
<u>\$ 5,301</u>	<u>\$ 109</u>	<u>\$ 682</u>	<u>\$ 4,159</u>	<u>\$ 762</u>	<u>\$ 142,467</u>

Continues

**Combining Statement Of Cash Flows
Nonmajor Enterprise Funds**

Continued

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 3,355	\$ 46	\$ 670	\$ (21)
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	—	—	—	—
Miscellaneous Gains, Losses, and Other Items	—	(4)	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	—	(2)	(1)	(13)
Notes/Accrued Interest Receivables	(1,859)	(3,449)	1,242	51
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	—	38	25	(25)
Unearned Revenue/Deposits	—	(1)	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,496</u>	<u>\$ (3,372)</u>	<u>\$ 1,936</u>	<u>\$ (8)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ (2)</u>
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ (2)</u>

<u>Petroleum Storage Tank Loan Fund</u>	<u>Alcoholic Beverage Control</u>	<u>Utah Correctional Industries</u>	<u>State Trust Lands Administration</u>	<u>Utah Dairy Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 14	\$ 39,240	\$ 592	\$ 5,141	\$ (111)	\$ 48,926
—	1,871	198	26	15	2,110
—	175	—	513	—	684
—	824	(390)	2,408	(74)	2,752
131	—	—	—	—	(3,884)
—	(509)	(481)	—	7	(983)
—	20	(1)	—	—	19
(2)	(2,191)	72	(1,258)	65	(3,276)
—	—	—	(41)	—	(42)
<u>\$ 143</u>	<u>\$ 39,430</u>	<u>\$ (10)</u>	<u>\$ 6,789</u>	<u>\$ (98)</u>	<u>\$ 46,306</u>
<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8</u>
<u>\$ (3)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8</u>

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Internal Service Funds

Information Technology

This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

General Services

This fund is used to administer office supply contracts and provide statewide copy and mail services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

Fleet Operations

This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

Risk Management

This fund is used to account for insurance coverage and loss prevention provided to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management

This fund has statutory responsibility for the operation and maintenance of facilities used by state agencies.

State Debt Collection

This fund provides a central collection process for the delinquent receivables of the State. It is funded through collection fees.

Transportation Infrastructure Loan Fund

This fund was created as a revolving loan fund to provide infrastructure assistance to state and local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

**Combining Statement Of Net Assets
Internal Service Funds**

June 30, 2005

(Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,030	\$ 1,118	\$ 953	\$ 56,101
Receivables:				
Accounts, net	316	282	1,372	476
Due From Other Funds	5,200	2,228	3,967	1,006
Prepaid Items	1,153	—	—	752
Inventories	788	829	2,306	—
Deferred Charges	—	—	—	—
Total Current Assets	<u>8,487</u>	<u>4,457</u>	<u>8,598</u>	<u>58,335</u>
Noncurrent Assets:				
Prepaid Items	—	—	—	347
Deferred Charges	—	—	—	—
Capital Assets:				
Land	17	—	—	—
Infrastructure	246	—	—	—
Buildings and Improvements	4,711	883	1,729	—
Machinery and Equipment	58,507	10,648	105,927	105
Construction in Progress	526	—	—	—
Less Accumulated Depreciation	(53,120)	(6,057)	(49,090)	(70)
Total Capital Assets	<u>10,887</u>	<u>5,474</u>	<u>58,566</u>	<u>35</u>
Total Noncurrent Assets	<u>10,887</u>	<u>5,474</u>	<u>58,566</u>	<u>382</u>
Total Assets	<u>19,374</u>	<u>9,931</u>	<u>67,164</u>	<u>58,717</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	3,799	1,639	3,553	516
Due To Other Funds	98	35	244	3,478
Interfund Loans Payable	96	1,993	15,571	—
Unearned Revenue	284	—	159	752
Policy Claims Liabilities	—	—	—	11,223
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	46	—
Total Current Liabilities	<u>4,277</u>	<u>3,667</u>	<u>19,573</u>	<u>15,969</u>
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	165
Interfund Loans Payable	—	2,338	12,575	—
Policy Claims Liabilities	—	—	—	33,450
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	948	—
Total Noncurrent Liabilities	<u>0</u>	<u>2,338</u>	<u>13,523</u>	<u>33,615</u>
Total Liabilities	<u>4,277</u>	<u>6,005</u>	<u>33,096</u>	<u>49,584</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	10,887	5,474	57,562	35
Restricted for:				
Insurance Programs	—	—	—	4,814
Loan Programs	—	—	—	—
Unrestricted (Deficit)	4,210	(1,548)	(23,494)	4,284
Total Net Assets	<u>\$ 15,097</u>	<u>\$ 3,926</u>	<u>\$ 34,068</u>	<u>\$ 9,133</u>

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
\$ 2,012	\$ 1,124	\$ 2,478	\$ 64,816
9	16	—	2,471
950	238	—	13,589
—	—	—	1,905
—	—	—	3,923
4	—	—	4
<u>2,975</u>	<u>1,378</u>	<u>2,478</u>	<u>86,708</u>
—	—	—	347
523	—	—	523
—	—	—	17
—	—	—	246
—	—	—	7,323
550	—	—	175,737
—	—	—	526
(444)	—	—	(108,781)
<u>106</u>	<u>0</u>	<u>0</u>	<u>75,068</u>
<u>629</u>	<u>0</u>	<u>0</u>	<u>75,938</u>
<u>3,604</u>	<u>1,378</u>	<u>2,478</u>	<u>162,646</u>
1,520	58	—	11,085
242	909	—	5,006
—	—	—	17,660
—	11	—	1,206
—	—	—	11,223
4	—	—	4
—	—	—	46
<u>1,766</u>	<u>978</u>	<u>0</u>	<u>46,230</u>
—	—	—	165
—	—	—	14,913
—	—	—	33,450
523	—	—	523
—	—	—	948
<u>523</u>	<u>0</u>	<u>0</u>	<u>49,999</u>
<u>2,289</u>	<u>978</u>	<u>0</u>	<u>96,229</u>
106	—	—	74,064
—	—	—	4,814
—	—	2,478	2,478
1,209	400	—	(14,939)
<u>\$ 1,315</u>	<u>\$ 400</u>	<u>\$ 2,478</u>	<u>\$ 66,417</u>

State of Utah**Combining Statement Of Revenues, Expenses, And
Changes In Fund Net Assets
Internal Service Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	\$ 55,074	\$ 16,801	\$ 52,419	\$ 34,172
Miscellaneous	—	96	—	—
Total Operating Revenues	<u>55,074</u>	<u>16,897</u>	<u>52,419</u>	<u>34,172</u>
OPERATING EXPENSES				
Administration	20,264	2,883	2,775	1,902
Materials and Services for Resale	15,198	8,972	21,210	16,889
Grants	—	—	—	—
Rentals and Leases	304	1,738	2,632	27
Maintenance	884	927	9,897	3
Depreciation	4,918	1,778	13,461	21
Benefit Claims	—	—	—	11,250
Miscellaneous Other:				
Data Processing	9,492	34	150	76
Supplies	151	242	283	134
Utilities	509	38	107	29
Advertising and Other	1,063	217	1,394	916
Total Operating Expenses	<u>52,783</u>	<u>16,829</u>	<u>51,909</u>	<u>31,247</u>
Operating Income (Loss)	<u>2,291</u>	<u>68</u>	<u>510</u>	<u>2,925</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	1,510
Gain (Loss) on Sale of Capital Assets	(671)	(14)	(37)	—
Interest Expense	—	—	(35)	—
Refunds Paid to Federal Government	(15)	(52)	—	—
Other Revenues (Expenses)	—	—	—	93
Total Nonoperating Revenues (Expenses)	<u>(686)</u>	<u>(66)</u>	<u>(72)</u>	<u>1,603</u>
Income (Loss) before Transfers	1,605	2	438	4,528
Transfers In	—	200	458	—
Transfers Out	(268)	—	—	(4,500)
Change in Net Assets	<u>1,337</u>	<u>202</u>	<u>896</u>	<u>28</u>
Net Assets – Beginning	13,760	3,724	33,172	9,105
Net Assets – Ending	<u>\$ 15,097</u>	<u>\$ 3,926</u>	<u>\$ 34,068</u>	<u>\$ 9,133</u>

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
\$ 19,486	\$ 1,400	\$ —	\$ 179,352
—	—	—	96
<u>19,486</u>	<u>1,400</u>	<u>0</u>	<u>179,448</u>
5,936	353	—	34,113
—	281	—	62,550
—	409	—	409
435	—	—	5,136
5,794	—	—	17,505
38	—	—	20,216
—	—	—	11,250
269	20	—	10,041
172	16	—	998
5,852	4	—	6,539
768	103	—	4,461
<u>19,264</u>	<u>1,186</u>	<u>0</u>	<u>173,218</u>
<u>222</u>	<u>214</u>	<u>0</u>	<u>6,230</u>
—	—	—	1,510
—	—	—	(722)
(6)	—	—	(41)
—	—	—	(67)
—	—	—	93
<u>(6)</u>	<u>0</u>	<u>0</u>	<u>773</u>
216	214	0	7,003
—	—	—	658
—	(50)	—	(4,818)
<u>216</u>	<u>164</u>	<u>0</u>	<u>2,843</u>
1,099	236	2,478	63,574
<u>\$ 1,315</u>	<u>\$ 400</u>	<u>\$ 2,478</u>	<u>\$ 66,417</u>

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 3,285	\$ 507	\$ 16,711	\$ 17,137
Receipts from Loan Maturities	—	—	—	—
Receipts from State Customers	52,653	16,171	37,406	17,878
Payments to Suppliers/Claims/Grants	(19,966)	(7,654)	(6,658)	(18,738)
Payments for Employee Services and Benefits	(20,040)	(2,867)	(2,744)	(1,855)
Payments to State Suppliers and Grants	(8,680)	(4,225)	(29,401)	(4,480)
Net Cash Provided (Used) by				
Operating Activities	<u>7,252</u>	<u>1,932</u>	<u>15,314</u>	<u>9,942</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from Bonds, Notes, and Deposits	—	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(15)	(52)	—	(1,184)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Transfers Out to Other Funds	(268)	—	—	(4,500)
Net Cash Provided (Used) by				
Noncapital Financing Activities	<u>(283)</u>	<u>(52)</u>	<u>0</u>	<u>(5,684)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(4,195)	(109)	(7,146)	—
Proceeds from Bond and Note Debt Issuance/Grants	—	—	953	—
Proceeds from Disposition of Capital Assets	205	19	4,020	—
Principal Paid on Debt and Contract Maturities	—	—	(930)	—
Acquisition and Construction of Capital Assets	(3,587)	(1,917)	(12,753)	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	(107)	—
Transfers In from Other Funds	—	200	458	—
Net Cash Provided (Used) by				
Capital and Related Financing Activities	<u>(7,577)</u>	<u>(1,807)</u>	<u>(15,505)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	1,510
Net Cash Provided (Used) by				
Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,510</u>
Net Cash Provided (Used) – All Activities	(608)	73	(191)	5,768
Cash and Cash Equivalents – Beginning	1,638	1,045	1,144	50,333
Cash and Cash Equivalents – Ending	<u>\$ 1,030</u>	<u>\$ 1,118</u>	<u>\$ 953</u>	<u>\$ 56,101</u>

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
\$ 654	\$ 6,760	\$ —	\$ 45,054
—	—	2,478	2,478
18,238	—	—	142,346
(13,574)	(294)	—	(66,884)
(5,866)	(351)	—	(33,723)
(272)	(5,769)	—	(52,827)
(820)	346	2,478	36,444
535	—	—	535
(8)	—	—	(1,259)
(6)	—	—	(6)
—	(50)	—	(4,818)
521	(50)	0	(5,548)
—	—	—	(11,450)
—	—	—	953
—	—	—	4,244
—	—	—	(930)
(51)	—	—	(18,308)
—	—	—	(107)
—	—	—	658
(51)	0	0	(24,940)
—	—	—	1,510
0	0	0	1,510
(350)	296	2,478	7,466
2,362	828	—	57,350
<u>\$ 2,012</u>	<u>\$ 1,124</u>	<u>\$ 2,478</u>	<u>\$ 64,816</u>

Continues

**Combining Statement Of Cash Flows
Internal Service Funds****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,291	\$ 68	\$ 510	\$ 2,925
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	4,918	1,778	13,461	21
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	622	(219)	1,629	102
Notes/Accrued Interest Receivables	—	—	—	—
Inventories	(253)	220	(223)	—
Prepaid Items/Deferred Charges	(334)	—	—	(62)
Accrued Liabilities/Due to Other Funds	(234)	85	(132)	1,965
Unearned Revenue/Deposits	242	—	69	741
Policy Claims Liabilities	—	—	—	4,250
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,252</u>	<u>\$ 1,932</u>	<u>\$ 15,314</u>	<u>\$ 9,942</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9</u>
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9</u>

<u>Property Management</u>	<u>State Debt Collection</u>	<u>Transportation Infrastructure Loan Fund</u>	<u>Total</u>
\$ 222	\$ 214	\$ —	\$ 6,230
38	—	—	20,216
(594)	(125)	—	1,415
—	—	2,478	2,478
—	—	—	(256)
(527)	—	—	(923)
41	246	—	1,971
—	11	—	1,063
—	—	—	4,250
<u>\$ (820)</u>	<u>\$ 346</u>	<u>\$ 2,478</u>	<u>\$ 36,444</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9</u>

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Fiduciary Funds

DEFINED BENEFIT PENSION PLANS AND OTHER PENSION TRUST FUNDS

These funds are used to account for the various pension funds and deferred compensation trust funds administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Nation Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of members of the Utah Chapters of the Navajo Nation.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Uniform School Fund and are used to fund public education.

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net assets of the fund are held in trust for injured workers and cannot be used for any other purpose.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the State Courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds set up to account for various receipts and disbursements.

State of Utah**Combining Statement Of Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds**

June 30, 2005

(Expressed in Thousands)

	Pension Trust			
	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System
ASSETS				
Cash and Cash Equivalents	\$ 61,704	\$ 830,298	\$ 103,570	\$ 41,341
Receivables:				
Member Contributions	339	—	103	147
Employer Contributions	479	23,672	1,939	—
Court Fees and Fire Insurance Premiums	—	—	—	2,306
Investments	20,157	271,204	33,830	13,505
Total Receivables	20,975	294,876	35,872	15,958
Investments:				
Debt Securities	221,819	2,984,445	372,279	148,614
Equity Investments	584,665	7,866,305	981,237	391,715
Venture Capital	32,645	439,223	54,790	21,872
Real Estate	98,858	1,330,076	165,912	66,233
Mortgage Loans	394	5,293	660	263
Invested Securities Lending Collateral	136,539	1,837,043	229,152	91,478
Investment Contracts	—	—	—	—
Total Investments	1,074,920	14,462,385	1,804,030	720,175
Capital Assets:				
Land	105	1,413	177	70
Buildings and Improvements	654	8,779	1,099	437
Machinery and Equipment	197	2,643	330	132
Less Accumulated Depreciation	(715)	(9,599)	(1,201)	(478)
Total Capital Assets	241	3,236	405	161
Total Assets	1,157,840	15,590,795	1,943,877	777,635
LIABILITIES				
Accounts Payable	42,940	577,881	72,066	28,770
Securities Lending Liability	136,539	1,837,043	229,152	91,478
Leave/Postemployment Benefits	312	4,202	524	209
Insurance Reserves	296	3,974	496	198
Mortgages Payable	28,360	381,565	47,596	19,001
Total Liabilities	208,447	2,804,665	349,834	139,656
NET ASSETS				
Held in trust for:				
Pension Benefits	949,393	12,786,130	1,594,043	637,979
Deferred Compensation	—	—	—	—
Total Net Assets	\$ 949,393	\$ 12,786,130	\$ 1,594,043	\$ 637,979

Pension Trust		Deferred Compensation		
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total
\$ 6,849	\$ 721	\$ 1,954	\$ 78	\$ 1,046,515
—	—	—	—	589
31	—	—	—	26,121
173	—	—	—	2,479
2,237	235	37,329	1,661	380,158
2,441	235	37,329	1,661	409,347
24,618	2,587	641,828	68,608	4,464,798
64,888	6,820	1,179,454	125,555	11,200,639
3,623	381	—	—	552,534
10,972	1,153	—	—	1,673,204
44	5	—	—	6,659
15,153	1,593	52,879	5,315	2,369,152
—	—	32,734	17,499	50,233
119,298	12,539	1,906,895	216,977	20,317,219
12	2	—	—	1,779
73	8	—	—	11,050
22	2	—	—	3,326
(80)	(9)	—	—	(12,082)
27	3	0	0	4,073
128,615	13,498	1,946,178	218,716	21,777,154
4,765	501	2,744	130	729,797
15,153	1,593	52,879	5,315	2,369,152
34	4	—	—	5,285
33	3	—	—	5,000
3,147	331	—	—	480,000
23,132	2,432	55,623	5,445	3,589,234
105,483	11,066	—	—	16,084,094
—	—	1,890,555	213,271	2,103,826
\$ 105,483	\$ 11,066	\$ 1,890,555	\$ 213,271	\$ 18,187,920

State of Utah**Combining Statement Of Changes In Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Pension Trust			
	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System
ADDITIONS				
Contributions:				
Member	\$ 9,023	\$ 14,377	\$ 5,038	\$ 6,292
Employer	9,564	369,109	56,319	—
Court Fees and Fire Insurance Premiums	—	—	—	8,659
Total Contributions	<u>18,587</u>	<u>383,486</u>	<u>61,357</u>	<u>14,951</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	92,839	1,224,011	152,469	61,384
Interest, Dividends, and Other Investment Income	26,988	356,378	44,398	17,862
Less Investment Expenses	(2,487)	(32,784)	(4,083)	(1,644)
Net Investment Income	<u>117,340</u>	<u>1,547,605</u>	<u>192,784</u>	<u>77,602</u>
Transfers From Affiliated Systems	—	10,583	4,002	980
Total Additions	<u>135,927</u>	<u>1,941,674</u>	<u>258,143</u>	<u>93,533</u>
DEDUCTIONS				
Retirement Benefits	36,620	360,819	56,047	19,757
Cost of Living Benefits	19,041	64,078	9,670	4,851
Supplemental Retirement Benefits	1,331	—	612	655
Refunds/Plan Distributions	2,945	3,029	960	106
Administrative Expenses	618	7,758	978	345
Transfers To Affiliated Systems	15,787	—	—	—
Total Deductions	<u>76,342</u>	<u>435,684</u>	<u>68,267</u>	<u>25,714</u>
Change in Net Assets Held in Trust for:				
Pension Benefits	59,585	1,505,990	189,876	67,819
Deferred Compensation	—	—	—	—
Net Assets – Beginning	889,808	11,280,140	1,404,167	570,160
Net Assets – Ending	<u>\$ 949,393</u>	<u>\$ 12,786,130</u>	<u>\$ 1,594,043</u>	<u>\$ 637,979</u>

Pension Trust		Deferred Compensation		
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total
\$ 8	\$ —	\$ 170,958	\$ 17,368	\$ 223,064
723	—	—	—	435,715
1,808	—	—	—	10,467
<u>2,539</u>	<u>0</u>	<u>170,958</u>	<u>17,368</u>	<u>669,246</u>
10,166	1,093	150,820	16,369	1,709,151
2,958	317	3,525	939	453,365
(272)	(29)	(1,935)	(190)	(43,424)
<u>12,852</u>	<u>1,381</u>	<u>152,410</u>	<u>17,118</u>	<u>2,119,092</u>
204	18	—	—	15,787
<u>15,595</u>	<u>1,399</u>	<u>323,368</u>	<u>34,486</u>	<u>2,804,125</u>
3,624	559	—	—	477,426
894	153	—	—	98,687
—	—	—	—	2,598
—	5	81,611	16,937	105,593
61	6	4,577	497	14,840
—	—	—	—	15,787
<u>4,579</u>	<u>723</u>	<u>86,188</u>	<u>17,434</u>	<u>714,931</u>
11,016	676	—	—	1,834,962
—	—	237,180	17,052	254,232
94,467	10,390	1,653,375	196,219	16,098,726
<u>\$105,483</u>	<u>\$ 11,066</u>	<u>\$ 1,890,555</u>	<u>\$ 213,271</u>	<u>\$ 18,187,920</u>

State of Utah**Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds**

June 30, 2005

(Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	\$ 541	\$ 4,271	\$ 25,601	\$ 837
Receivables:				
Accounts	1,459	17	2,944	5
Accrued Assessments	—	—	9,794	—
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	15,448	12,965	48,779	13,195
Equity Investments	101	7,311	9,902	—
Total Investments	<u>15,549</u>	<u>20,276</u>	<u>58,681</u>	<u>13,195</u>
Capital Assets:				
Land	260	—	—	—
Buildings and Improvements	4,501	—	—	—
Machinery and Equipment	124	—	—	—
Less Accumulated Depreciation	(1,228)	—	—	—
Total Capital Assets	<u>3,657</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>21,206</u>	<u>24,564</u>	<u>97,020</u>	<u>14,037</u>
LIABILITIES				
Accounts Payable	72	80	237	310
Due To Other Funds	4	23	7	—
Unearned Revenue	—	—	—	334
Policy Claims Liabilities	—	—	299,489	67,826
Total Liabilities	<u>76</u>	<u>103</u>	<u>299,733</u>	<u>68,470</u>
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	21,130	24,461	(202,713)	(54,433)
Total Net Assets	<u>\$ 21,130</u>	<u>\$ 24,461</u>	<u>\$ (202,713)</u>	<u>\$ (54,433)</u>

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
\$ 861	\$ 5,357	\$ 37,468
—	—	4,425
—	—	9,794
—	1,015	1,015
221,558	7,306	319,251
862,291	—	879,605
<u>1,083,849</u>	<u>7,306</u>	<u>1,198,856</u>
—	—	260
—	—	4,501
410	—	534
(32)	—	(1,260)
<u>378</u>	<u>0</u>	<u>4,035</u>
<u>1,085,088</u>	<u>13,678</u>	<u>1,255,593</u>
2,390	188	3,277
—	126	160
—	—	334
—	—	367,315
<u>2,390</u>	<u>314</u>	<u>371,086</u>
1,082,698	13,364	884,507
<u>\$ 1,082,698</u>	<u>\$ 13,364</u>	<u>\$ 884,507</u>

State of Utah**Combining Statement Of Changes In Fiduciary Net Assets
Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	\$ —	\$ —	\$ —	\$ —
Total Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(8)	(1)	576	(7)
Interest, Dividends, and Other Investment Income	<u>375</u>	<u>160</u>	<u>972</u>	<u>312</u>
Total Investment Income	<u>367</u>	<u>159</u>	<u>1,548</u>	<u>305</u>
Other Additions:				
Escheats	—	20,193	—	—
Royalties and Rents	2,438	—	—	—
Fees, Assessments, and Revenues	—	—	49,597	7,806
Miscellaneous	<u>96</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other	<u>2,534</u>	<u>20,193</u>	<u>49,597</u>	<u>7,806</u>
Total Additions	<u>2,901</u>	<u>20,352</u>	<u>51,145</u>	<u>8,111</u>
DEDUCTIONS				
Trust Operating Expenses	391	—	—	6,071
Distributions and Benefit Payments	—	10,013	28,802	—
Administrative and General Expenses	<u>1,506</u>	<u>1,605</u>	<u>1,630</u>	<u>1,162</u>
Total Deductions	<u>1,897</u>	<u>11,618</u>	<u>30,432</u>	<u>7,233</u>
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	1,004	8,734	20,713	878
Net Assets – Beginning	<u>20,126</u>	<u>15,727</u>	<u>(223,426)</u>	<u>(55,311)</u>
Net Assets – Ending	<u>\$ 21,130</u>	<u>\$ 24,461</u>	<u>\$ (202,713)</u>	<u>\$ (54,433)</u>

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
<u>\$ 294,095</u>	<u>\$ 6,081</u>	<u>\$ 300,176</u>
<u>294,095</u>	<u>6,081</u>	<u>300,176</u>
44,874	(1)	45,433
<u>20,837</u>	<u>175</u>	<u>22,831</u>
<u>65,711</u>	<u>174</u>	<u>68,264</u>
—	—	20,193
—	—	2,438
—	21,979	79,382
<u>—</u>	<u>3,970</u>	<u>4,066</u>
<u>0</u>	<u>25,949</u>	<u>106,079</u>
<u>359,806</u>	<u>32,204</u>	<u>474,519</u>
—	20,152	26,614
26,368	6,082	71,265
<u>1,935</u>	<u>2,587</u>	<u>10,425</u>
<u>28,303</u>	<u>28,821</u>	<u>108,304</u>
331,503	3,383	366,215
<u>751,195</u>	<u>9,981</u>	<u>518,292</u>
<u>\$ 1,082,698</u>	<u>\$ 13,364</u>	<u>\$ 884,507</u>

State of Utah**Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds**

June 30, 2005

(Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	\$ 43	\$ 73,356	\$ 23,305	\$ 11,648	\$108,352
Accounts Receivable	—	194	—	8	202
Due From Other Funds	—	—	—	256	256
Investments:					
Debt Securities	—	26	—	11,493	11,519
Equity Investments	—	—	—	2,039	2,039
Total Investments	<u>0</u>	<u>26</u>	<u>0</u>	<u>13,532</u>	<u>13,558</u>
Total Assets	<u>\$ 43</u>	<u>\$ 73,576</u>	<u>\$ 23,305</u>	<u>\$ 25,444</u>	<u>\$122,368</u>
LIABILITIES					
Due To Other Individuals or Groups	\$ —	\$ 2,162	\$ 22,681	\$ 8,200	\$ 33,043
Due To Other Taxing Units	<u>43</u>	<u>71,414</u>	<u>624</u>	<u>17,244</u>	<u>89,325</u>
Total Liabilities	<u>\$ 43</u>	<u>\$ 73,576</u>	<u>\$ 23,305</u>	<u>\$ 25,444</u>	<u>\$122,368</u>

State of Utah**Combining Statement Of Changes
In Assets And Liabilities
Agency Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	\$ 33	\$ 196,118	\$ 196,108	\$ 43
Total Assets	<u>\$ 33</u>	<u>\$ 196,118</u>	<u>\$ 196,108</u>	<u>\$ 43</u>
Liabilities				
Due To Other Taxing Units	\$ 33	\$ 196,118	\$ 196,108	\$ 43
Total Liabilities	<u>\$ 33</u>	<u>\$ 196,118</u>	<u>\$ 196,108</u>	<u>\$ 43</u>
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	\$ 67,901	\$ 1,019,323	\$ 1,013,868	\$ 73,356
Investments	47	3,522	3,543	26
Accounts Receivable	133	195	134	194
Due From Other Funds	6	10	16	—
Total Assets	<u>\$ 68,087</u>	<u>\$ 1,023,050</u>	<u>\$ 1,017,561</u>	<u>\$ 73,576</u>
Liabilities				
Due To Other Individuals or Groups	\$ 1,902	\$ 22,463	\$ 22,203	\$ 2,162
Due To Other Taxing Units	66,185	996,860	991,631	71,414
Total Liabilities	<u>\$ 68,087</u>	<u>\$ 1,019,323</u>	<u>\$ 1,013,834</u>	<u>\$ 73,576</u>
STATE COURTS				
Assets				
Cash and Cash Equivalents	\$ 19,170	\$ 52,432	\$ 48,297	\$ 23,305
Due From Other Funds	—	4	4	—
Total Assets	<u>\$ 19,170</u>	<u>\$ 52,436</u>	<u>\$ 48,301</u>	<u>\$ 23,305</u>
Liabilities				
Due To Other Individuals or Groups	\$ 18,699	\$ 48,958	\$ 44,976	\$ 22,681
Due To Other Taxing Units	471	3,474	3,321	624
Total Liabilities	<u>\$ 19,170</u>	<u>\$ 52,432</u>	<u>\$ 48,297</u>	<u>\$ 23,305</u>
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	\$ 5,114	\$ 585,868	\$ 579,334	\$ 11,648
Investments	13,274	133,053	132,795	13,532
Accounts Receivable	14	9	15	8
Due From Other Funds	2,992	28,901	31,637	256
Total Assets	<u>\$ 21,394</u>	<u>\$ 747,831</u>	<u>\$ 743,781</u>	<u>\$ 25,444</u>
Liabilities				
Due To Other Individuals or Groups	\$ 8,574	\$ 397,245	\$ 397,619	\$ 8,200
Due To Other Taxing Units	12,820	188,623	184,199	17,244
Total Liabilities	<u>\$ 21,394</u>	<u>\$ 585,868</u>	<u>\$ 581,818</u>	<u>\$ 25,444</u>
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$ 92,218	\$ 1,853,741	\$ 1,837,607	\$ 108,352
Investments	13,321	136,575	136,338	13,558
Accounts Receivable	147	204	149	202
Due From Other Funds	2,998	28,915	31,657	256
Total Assets	<u>\$ 108,684</u>	<u>\$ 2,019,435</u>	<u>\$ 2,005,751</u>	<u>\$ 122,368</u>
Liabilities				
Due To Other Individuals or Groups	\$ 29,175	\$ 468,666	\$ 464,798	\$ 33,043
Due To Other Taxing Units	79,509	1,385,075	1,375,259	89,325
Total Liabilities	<u>\$ 108,684</u>	<u>\$ 1,853,741</u>	<u>\$ 1,840,057</u>	<u>\$ 122,368</u>

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Nonmajor Component Units

Comprehensive Health Insurance Pool

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with appropriations from the General Fund.

Utah Schools for the Deaf and Blind

The Schools were created to provide practical education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

- Weber State University
- Southern Utah University
- Salt Lake Community College
- Utah Valley State College
- Dixie State College of Utah
- College of Eastern Utah
- Snow College
- Utah College of Applied Technology

State of Utah

Combining Statement Of Net Assets Nonmajor Component Units

June 30, 2005

(Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools For the Deaf And the Blind	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Weber State University
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 13,481	\$ 2,552	\$ —	\$ 877	\$ 17,657
Investments	—	—	—	—	—
Receivables:					
Accounts, net	35	798	39	145	3,925
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	1,746
Accrued Interest	—	—	—	—	364
Prepaid Items	8	—	—	10	—
Inventories	—	—	44	—	1,995
Deferred Charges	—	—	—	—	346
Total Current Assets	<u>13,524</u>	<u>3,350</u>	<u>83</u>	<u>1,032</u>	<u>26,033</u>
Noncurrent Assets:					
Restricted Investments	—	—	—	—	39,831
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	49,186
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	6,905
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	10,247	1,930	798	137,288
Total Noncurrent Assets	<u>0</u>	<u>10,247</u>	<u>1,930</u>	<u>798</u>	<u>233,210</u>
Total Assets	<u>13,524</u>	<u>13,597</u>	<u>2,013</u>	<u>1,830</u>	<u>259,243</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	1,406	1,960	126	171	2,342
Deposits	—	—	—	—	—
Due To Primary Government	—	—	—	—	182
Unearned Revenue	—	—	—	224	3,424
Current Portion of Long-term Liabilities	3,345	—	82	12	3,394
Total Current Liabilities	<u>4,751</u>	<u>1,960</u>	<u>208</u>	<u>407</u>	<u>9,342</u>
Noncurrent Liabilities:					
Deposits	—	—	—	—	—
Due To Primary Government	—	—	—	—	—
Long-term Liabilities	—	—	211	22	18,146
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>211</u>	<u>22</u>	<u>18,146</u>
Total Liabilities	<u>4,751</u>	<u>1,960</u>	<u>419</u>	<u>429</u>	<u>27,488</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	10,247	1,667	777	121,072
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	38,099
Expendable:					
Higher Education	—	—	—	—	43,862
Other	—	—	—	41	—
Unrestricted (Deficit)	8,773	1,390	(73)	583	28,722
Total Net Assets	<u>\$ 8,773</u>	<u>\$ 11,637</u>	<u>\$ 1,594</u>	<u>\$ 1,401</u>	<u>\$ 231,755</u>

Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
\$ 2,365	\$ 40,759	\$ 30,861	\$ 15,222	\$ 1,487	\$ 4,993	\$ 10,641	\$ 140,895
6,021	16,221	805	5,644	—	252	620	29,563
1,296	8,186	4,549	585	1,660	602	2,261	24,081
676	825	342	310	51	109	1,350	5,409
168	—	—	—	11	54	—	597
3,123	21	1,019	96	140	27	200	4,644
1,235	1,866	1,471	750	428	233	1,418	9,440
—	—	—	—	—	—	—	346
<u>14,884</u>	<u>67,878</u>	<u>39,047</u>	<u>22,607</u>	<u>3,777</u>	<u>6,270</u>	<u>16,490</u>	<u>214,975</u>
11,055	7,640	14,175	12,302	13,333	6,112	—	104,448
—	—	—	892	—	—	—	892
7,295	2,995	1,311	1,774	481	3,099	929	67,070
2,045	25,906	2,357	2,325	296	1,052	—	40,886
—	1,318	5,884	—	—	—	—	7,202
99,524	139,912	160,503	65,390	40,414	75,659	69,812	801,477
<u>119,919</u>	<u>177,771</u>	<u>184,230</u>	<u>82,683</u>	<u>54,524</u>	<u>85,922</u>	<u>70,741</u>	<u>1,021,975</u>
<u>134,803</u>	<u>245,649</u>	<u>223,277</u>	<u>105,290</u>	<u>58,301</u>	<u>92,192</u>	<u>87,231</u>	<u>1,236,950</u>
1,287	7,846	4,348	1,208	961	141	2,420	24,216
327	—	415	108	—	152	154	1,156
—	361	62	382	261	480	150	1,878
3,635	4,779	2,862	249	192	353	449	16,167
2,321	5,110	5,377	1,395	595	518	776	22,925
<u>7,570</u>	<u>18,096</u>	<u>13,064</u>	<u>3,342</u>	<u>2,009</u>	<u>1,644</u>	<u>3,949</u>	<u>66,342</u>
—	620	—	—	83	95	—	798
—	—	—	—	1,332	—	—	1,332
16,319	17,011	29,551	9,731	4,492	3,769	6,672	105,924
<u>16,319</u>	<u>17,631</u>	<u>29,551</u>	<u>9,731</u>	<u>5,907</u>	<u>3,864</u>	<u>6,672</u>	<u>108,054</u>
<u>23,889</u>	<u>35,727</u>	<u>42,615</u>	<u>13,073</u>	<u>7,916</u>	<u>5,508</u>	<u>10,621</u>	<u>174,396</u>
84,288	122,642	129,852	56,845	35,260	72,743	65,846	701,239
5,580	2,252	7,849	12,301	1,725	3,784	747	72,337
9,182	36,977	19,645	13,416	12,212	3,341	3,629	142,264
—	—	—	—	—	—	—	41
11,864	48,051	23,316	9,655	1,188	6,816	6,388	146,673
<u>\$ 110,914</u>	<u>\$ 209,922</u>	<u>\$ 180,662</u>	<u>\$ 92,217</u>	<u>\$ 50,385</u>	<u>\$ 86,684</u>	<u>\$ 76,610</u>	<u>\$ 1,062,554</u>

State of Utah**Combining Statement Of Activities
Nonmajor Component Units**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools For the Deaf And the Blind	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Weber State University
Expenses	\$ 24,075	\$ 23,589	\$ 1,729	\$ 3,745	\$ 143,194
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	59,512
Scholarship Allowances	—	—	—	—	(10,468)
Sales, Services, and Other Revenues	14,684	3,473	1,777	2,799	12,385
Operating Grants and Contributions	53	1,165	—	32	30,596
Capital Grants and Contributions	—	—	—	—	6,108
Total Program Revenues	14,737	4,638	1,777	2,831	98,133
Net (Expenses) Revenues	(9,338)	(18,951)	48	(914)	(45,061)
General Revenues:					
State Appropriations	16,204	19,167	—	793	57,332
Unrestricted Investment Income	257	8	—	—	—
Permanent Endowments Contributions	—	—	—	—	3,599
Total General Revenues	16,461	19,175	0	793	60,931
Change in Net Assets	7,123	224	48	(121)	15,870
Net Assets – Beginning	1,650	—	1,546	1,522	215,885
Adjustments to Beginning Net Assets:					
Reclassify Entity as Component Unit	—	11,413	—	—	—
Net Assets – Beginning as Adjusted	1,650	11,413	1,546	1,522	215,885
Net Assets – Ending	\$ 8,773	\$ 11,637	\$ 1,594	\$ 1,401	\$ 231,755

Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
<u>\$ 75,118</u>	<u>\$ 133,811</u>	<u>\$ 156,353</u>	<u>\$ 40,934</u>	<u>\$ 25,717</u>	<u>\$ 34,977</u>	<u>\$ 62,346</u>	<u>\$ 725,588</u>
20,319	49,551	65,300	14,349	4,153	6,127	6,102	225,413
(6,068)	(8,399)	(7,072)	(2,502)	(2,140)	(2,403)	(335)	(39,387)
15,642	14,437	22,175	4,701	2,871	2,790	5,948	103,682
16,384	26,443	32,164	10,206	9,909	6,595	12,333	145,880
5,163	23,129	793	13,480	—	178	4,367	53,218
<u>51,440</u>	<u>105,161</u>	<u>113,360</u>	<u>40,234</u>	<u>14,793</u>	<u>13,287</u>	<u>28,415</u>	<u>488,806</u>
<u>(23,678)</u>	<u>(28,650)</u>	<u>(42,993)</u>	<u>(700)</u>	<u>(10,924)</u>	<u>(21,690)</u>	<u>(33,931)</u>	<u>(236,782)</u>
27,846	56,318	43,741	17,148	12,468	17,438	37,768	306,223
—	—	—	—	—	504	292	1,061
349	—	—	404	103	419	—	4,874
<u>28,195</u>	<u>56,318</u>	<u>43,741</u>	<u>17,552</u>	<u>12,571</u>	<u>18,361</u>	<u>38,060</u>	<u>312,158</u>
4,517	27,668	748	16,852	1,647	(3,329)	4,129	75,376
106,397	182,254	179,914	75,365	48,738	90,013	72,481	975,765
—	—	—	—	—	—	—	11,413
<u>106,397</u>	<u>182,254</u>	<u>179,914</u>	<u>75,365</u>	<u>48,738</u>	<u>90,013</u>	<u>72,481</u>	<u>987,178</u>
<u>\$ 110,914</u>	<u>\$ 209,922</u>	<u>\$ 180,662</u>	<u>\$ 92,217</u>	<u>\$ 50,385</u>	<u>\$ 86,684</u>	<u>\$ 76,610</u>	<u>\$ 1,062,554</u>

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STATISTICAL SECTION

State Of Utah

General Governmental Expenditures and Other Uses by Function

For the Last Ten Fiscal Years

(Expressed in Thousands)

Function	Fiscal Year Ended June 30									
	1996	1997	1998	1999	2000	2001 (A)	2002 (B)	2003 (B)	2004 (B)	2005 (B)
General Government and Courts.....	\$ 234,251	\$ 248,918	\$ 230,030	\$ 249,337	\$ 248,301	\$ 256,505	\$ 287,024	\$ 269,450	\$ 279,209	\$ 286,698
Business, Labor, and Agriculture	36,307	39,107	42,423	44,474	46,555	49,672	63,940	66,382	72,124	85,115
Community and Economic Development.....	82,585	84,384	72,847	75,602	77,305	83,526	91,014	91,986	89,051	87,621
Higher Education.....	432,816	464,202	475,817	507,890	531,364	569,722	652,992	632,368	647,749	676,208
Natural Resources.....	86,899	91,656	88,529	90,794	97,586	104,859	121,072	134,247	121,461	123,195
Human Services, Corrections, Health, and Environmental Quality	1,394,764	1,480,616	1,289,255	1,405,485	1,501,552	1,613,869	1,775,052	1,888,105	2,084,990	2,236,519
Employment and Family Services (C).....	—	—	285,602	302,665	285,517	286,304	321,154	363,116	394,926	417,037
Public Education.....	1,476,565	1,651,282	1,676,668	1,776,912	1,824,162	1,949,959	1,998,450	1,979,880	2,038,053	2,168,896
Transportation and Public Safety.....	546,650	669,014	1,126,225	1,078,923	999,684	998,107	999,332	882,151	961,441	995,357
Capital Outlay.....	207,418	182,129	200,912	190,496	191,819	153,126	112,569	205,861	173,869	139,488
Leave/Postemployment Benefits (D) ...	18,562	31,659	21,565	23,886	17,573	9,186	—	—	—	—
Debt Service.....	94,426	100,651	131,075	153,540	158,274	158,886	175,188	189,020	211,960	273,679
Total Expenditures All Governmental Fund Types.....	<u>\$4,611,243</u>	<u>\$5,043,618</u>	<u>\$5,640,948</u>	<u>\$5,900,004</u>	<u>\$5,979,692</u>	<u>\$6,233,721</u>	<u>\$6,597,787</u>	<u>\$6,702,566</u>	<u>\$7,074,833</u>	<u>\$7,489,813</u>

- (A) Prior to fiscal year 2002, this summary included expenditures of the State's governmental fund types that include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, and Rural Development Fund), Capital Projects Fund, and Debt Service Fund. General Fund appropriations to the colleges and universities reported as transfers in the financial statements were also included in Higher Education expenditures.
- (B) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in fiscal year 2002 and thereafter are not comparable to prior years.
- (C) The Department of Workforce Services was created in the fiscal year ended June 30, 1998, to operate the integrated Employment and Family Services function for the State. The Employment and Family Services function was previously reported on this schedule in the functions of General Government, Community and Economic Development, and Human Services.
- (D) For fiscal year 2002 and after, Leave/Postemployment expenditures are not reported in the governmental funds financial statements due to the implementation of GASB Statement 34.

State Of Utah**General Governmental Revenues by Source
and Liquor Control Profit Transfer**

For the Last Ten Fiscal Years

(Expressed in Thousands)

Revenue Source	Fiscal Year Ended June 30									
	1996	1997	1998	1999	2000	2001 (A)	2002 (B)	2003 (B)	2004 (B)	2005 (B)
Taxes:										
Sales and Use Tax.....	\$1,170,120	\$1,259,961	\$1,287,849	\$1,351,332	\$1,400,962	\$1,465,301	\$1,473,479	\$1,481,823	\$1,553,909	\$1,699,636
Individual Income Tax.....	1,139,080	1,237,332	1,377,494	1,463,897	1,654,949	1,712,676	1,584,546	1,587,520	1,706,774	1,946,593
Corporate Tax.....	176,781	191,991	196,275	192,221	186,936	183,141	124,561	161,129	165,893	209,304
Motor and Special Fuel Tax.....	206,904	214,758	290,086	298,390	314,164	310,000	321,682	321,370	327,838	336,417
Other Taxes.....	145,077	133,063	203,667	150,677	234,442	208,748	201,583	213,618	234,774	275,715
Total Taxes.....	2,837,962	3,037,105	3,355,371	3,456,517	3,791,453	3,879,866	3,705,851	3,765,460	3,989,188	4,467,665
Other Revenues:										
Federal Contracts and Grants.....	1,266,632	1,315,279	1,382,748	1,543,186	1,575,608	1,708,087	1,856,477	2,049,922	2,295,428	2,366,786
Charges for Services.....	149,868	163,763	174,228	206,420	217,621	236,986	222,669	211,756	242,780	273,499
Licenses, Permits, and Fees.....	67,512	64,486	83,994	87,848	92,300	91,875	107,201	110,315	113,625	121,382
Federal Mineral Lease.....	34,718	34,111	33,485	28,962	34,957	49,566	30,527	47,307	67,216	82,704
Federal Aeronautics.....	35,122	24,890	22,762	18,737	26,859	33,386	31,026	18,791	25,821	34,416
Intergovernmental.....	46,602	38,731	72,366	42,526	80,431	35,225	7,611	8,463	11,395	4,104
Investment Income.....	39,926	39,404	61,782	58,055	55,804	65,068	31,240	29,418	25,943	45,017
Miscellaneous and Other.....	67,983	80,131	86,168	89,604	119,189	112,970	176,895	193,448	208,171	231,708
Total Revenues.....	4,546,325	4,797,900	5,272,904	5,531,855	5,994,222	6,213,029	6,169,497	6,434,880	6,979,567	7,627,281
Liquor Control Profit Transfer.....	22,155	24,312	26,297	26,959	28,659	30,253	32,541	33,063	37,127	38,067
Total Revenues and Liquor Control Profit Transfer.....	<u>\$4,568,480</u>	<u>\$4,822,212</u>	<u>\$5,299,201</u>	<u>\$5,558,814</u>	<u>\$6,022,881</u>	<u>\$6,243,282</u>	<u>\$6,202,038</u>	<u>\$6,467,943</u>	<u>\$7,016,694</u>	<u>\$7,665,348</u>

(A) Prior to fiscal year 2002, this summary includes revenues of the State's governmental fund types that include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in fiscal year 2002 and thereafter are not comparable to prior years.

State Of Utah

General Obligation Bonds

Article XIV, Section 1, of the Utah Constitution limits the State to a total general obligation debt not to exceed 1.5 percent of the fair market value of the taxable property of the State. Using the latest valuation made in 2004, the debt limit of the State at June 30, 2005, was \$2.784 billion. During the fiscal year ended June 30, 2005, the State issued \$140.6 million Series 2004 B general obligation bonds to provide funds for highway and building projects. The State's total general obligation debt outstanding at June 30, 2005, is \$1.588 billion. Therefore under the law, the State has \$1.196 billion of additional borrowing capacity at June 30, 2005.

	Maturity Dates	(Expressed in Thousands)	
		Original Issues	Outstanding June 30, 2005
1997 A-E Highway/Capital Facility Issue.....	2001-2007	\$ 200,000	\$ 29,775
1997 F Highway Issue	2001-2007	\$ 205,000	49,475
1998 A Highway/Capital Facility Issue	2001-2008	\$ 265,000	69,100
2001 B Highway/Capital Facility Issue	2004-2009	\$ 348,000	176,575
2002 A Highway/Capital Facility Issue	2003-2011	\$ 281,200	167,990
2002 B Refunding Issue	2004-2012	\$ 253,100	251,065
2003 A Highway/Capital Facility Issue	2005-2013	\$ 407,405	315,120
2004 A Refunding Issue	2010-2016	\$ 314,775	314,775
2004 B Highway/Capital Facility Issue	2005-2019	\$ 140,635	140,635
Total General Obligation Bonds Outstanding.....			1,514,510
Plus Unamortized Premiums			96,699
Less Deferred Amount on Refunding			(23,405)
Total General Obligation Bonds Payable.....			<u>\$1,587,804</u>

Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years

Fiscal Year	Population	(Expressed in Thousands)						Ratio of Net Bonded Debt to Fair Market Value	Net Bonded Debt Per Capita
		Fair Market Value	Gross Bonded Debt	Debt Service Monies Available	Debt Payable From Enterprise Revenues	Debt Payable From Component Revenues	Net Bonded Debt (A)		
1996	2,043,000	\$ 99,224,437	\$ 2,425,271	\$ 13,493	\$ 551,015	\$ 1,285,186	\$ 575,577	0.58%	\$ 282
1997	2,099,000	\$ 111,599,469	\$ 2,380,548	\$ 13,891	\$ 604,065	\$ 1,178,953	\$ 583,639	0.52%	\$ 278
1998	2,142,000	\$ 125,780,622	\$ 3,359,985	\$ 7,567	\$ 625,455	\$ 1,307,930	\$ 1,419,033	1.13%	\$ 662
1999	2,193,000	\$ 134,600,515	\$ 3,694,340	\$ 8,124	\$ 804,968	\$ 1,374,679	\$ 1,506,569	1.12%	\$ 687
2000	2,247,000	\$ 142,192,158	\$ 3,764,487	\$ 8,757	\$ 881,285	\$ 1,412,042	\$ 1,462,403	1.03%	\$ 651
2001	2,306,000	\$ 152,329,350	\$ 3,891,193	\$ 11,475	\$ 1,044,305	\$ 1,453,935	\$ 1,381,478	0.91%	\$ 599
2002	2,358,000	\$ 163,185,739	\$ 4,673,706	\$ 22,882	\$ 1,254,587	\$ 1,574,699	\$ 1,821,538	1.12%	\$ 772
2003	2,414,000	\$ 170,775,938	\$ 5,038,806	\$ 16,004	\$ 1,336,211	\$ 1,653,981	\$ 2,032,610	1.19%	\$ 842
2004	2,469,000	\$ 176,540,976	\$ 4,920,553	\$ 12,842	\$ 1,422,087	\$ 1,570,737	\$ 1,914,887	1.08%	\$ 776
2005	2,529,000	\$ 185,620,197	\$ 5,219,522	\$ 12,636	\$ 1,576,099	\$ 1,743,981	\$ 1,886,806	1.02%	\$ 746

(A) Includes general obligation bonds plus revenue bonds whose repayment is funded through governmental fund type operations or appropriations.

State Of Utah

Calculation of Legal Debt Limits

For the Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year Ended June 30									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taxable Property Value (A).....	\$ 74,284	\$ 83,149	\$ 93,278	\$ 99,917	\$ 105,149	\$ 112,218	\$ 120,332	\$ 125,437	\$ 129,345	\$ 135,827
Fair Market Value (A).....	99,224	111,599	125,781	134,601	142,192	152,329	163,186	170,776	176,541	185,620
Debt Limit (Fair Market Value times 1.5%).....	1,488	1,674	1,886	2,019	2,133	2,285	2,448	2,562	2,648	2,784
Net General Obligation Bonded Debt (B).....	(413)	(367)	(1,202)	(1,252)	(1,212)	(1,146)	(1,498)	(1,714)	(1,589)	(1,588)
Additional General Obligation Debt Incurring Capacity.....	\$ 1,075	\$ 1,307	\$ 684	\$ 767	\$ 921	\$ 1,139	\$ 950	\$ 848	\$ 1,059	\$ 1,196

(A) Source: Utah State Tax Commission (*Final Values* for the preceding calendar yearend)

(B) Amounts prior to fiscal year 2002 only include the par amount of bonds. Premiums and discounts prior to fiscal year 2002 were immaterial.

Statutory Debt Limit

The statutory debt limit was first enacted in 1989 and is currently 45 percent of the appropriations limit. The Legislature has exempted \$957 million of Highway Construction Bonds from the statutory bonding debt limit. At June 30, 2005, the statutory debt limit was (expressed in thousands):

	Calculated Using The Fiscal Year 2006 Appropriations Limitation	Calculated Using The Fiscal Year 2005 Appropriations Limitation
Appropriations Limitation.....	\$ 2,071,914	\$ 1,956,584
	45%	45%
Statutory Debt Limit	932,361	880,463
Outstanding General Obligation Debt.....	(630,711)	(630,711)
Additional General Obligation Debt Incurring Capacity.....	\$ 301,650	\$ 249,752

Net General Obligation Bonded Debt Per Capita

For the Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net General Obligation Bonded Debt Per Capita.....	\$ 202.24	\$ 174.92	\$ 561.30	\$ 570.69	\$ 539.53	\$ 496.96	\$ 635.44	\$ 709.92	\$ 643.50	\$ 627.84

State Of Utah

Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures

For the Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year Ended June 30									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund Expenditures (A).....	\$ 2,359	\$ 2,514	\$ 2,591	\$ 2,795	\$ 2,902	\$ 3,088	\$ 3,412	\$ 3,519	\$ 3,775	\$ 4,017
Debt Service Expenditures	\$ 94	\$ 101	\$ 131	\$ 154	\$ 158	\$ 159	\$ 175	\$ 189	\$ 212	\$ 274
Ratio Debt Service to General Fund Expenditures	<u>3.98%</u>	<u>4.02%</u>	<u>5.06%</u>	<u>5.51%</u>	<u>5.44%</u>	<u>5.15%</u>	<u>5.13%</u>	<u>5.37%</u>	<u>5.61%</u>	<u>6.81%</u>
Total All Governmental Funds Expenditures	\$ 4,611	\$ 5,044	\$ 5,641	\$ 5,900	\$ 5,980	\$ 6,234	\$ 6,598	\$ 6,703	\$ 7,075	\$ 7,490
Ratio Debt Service Expenditures to All Governmental Funds Expenditures	<u>2.04%</u>	<u>2.00%</u>	<u>2.32%</u>	<u>2.61%</u>	<u>2.64%</u>	<u>2.55%</u>	<u>2.65%</u>	<u>2.82%</u>	<u>3.00%</u>	<u>3.65%</u>

(A) Includes payments to Higher Education.

Enterprise Funds Revenue Bond Coverage

For the Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses (B)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1996	\$ 132,945	\$ 74,285	\$ 58,660	\$ 35,940	\$ 27,123	\$ 63,063	0.93
1997	\$ 147,167	\$ 86,977	\$ 60,190	\$ 21,360	\$ 28,887	\$ 50,247	1.20
1998	\$ 161,547	\$ 91,829	\$ 69,718	\$ 73,660	\$ 32,384	\$ 106,044	0.66
1999	\$ 169,831	\$ 102,415	\$ 67,416	\$ 20,670	\$ 34,480	\$ 55,150	1.22
2000	\$ 203,482	\$ 120,313	\$ 83,169	\$ 51,177	\$ 43,639	\$ 94,816	0.88
2001	\$ 217,129	\$ 128,562	\$ 88,567	\$ 95,482	\$ 48,575	\$ 144,057	0.61
2002	\$ 227,458	\$ 139,840	\$ 87,618	\$ 12,562	\$ 30,446	\$ 43,008	2.04
2003	\$ 225,029	\$ 160,692	\$ 64,337	\$ 38,122	\$ 24,391	\$ 62,513	1.03
2004	\$ 236,436	\$ 162,544	\$ 73,892	\$ 46,018	\$ 19,977	\$ 65,995	1.12
2005	\$ 261,640	\$ 171,834	\$ 89,806	\$ 10,029	\$ 34,617	\$ 44,646	2.01

Alcoholic Beverage Control revenue bonds were included along with Student Assistance Programs beginning in fiscal year 1995. Utah Correctional Industries revenue bonds were included, beginning in fiscal year 2000 and in fiscal year 2002, the Water Loan Program bonds were added to the other enterprise funds.

(B) Does not include interest expense.

Revenue Bonds

Several issues of revenue bonds were outstanding at June 30, 2005 in addition to general obligation debt.

The Utah Housing Corporation issued mortgage purchase and general revenue office building bonds to provide adequate sources of capital for housing for low and moderate-income families, and to purchase an office building. The bonds, totaling \$1.342 billion at June 30, 2005, are to be repaid from mortgage payments and general revenue.

The Board of Regents issued Student Loan bonds to make loans to eligible students. The bonds are repaid from student loan payments and federal allowances. Bonds payable at June 30, 2005, net of unamortized premium, total \$1.545 billion.

The State Building Ownership Authority (SBOA) issues bonds for the construction of facilities that are leased to and used by various state entities and which are repaid from the lease income. The Authority issued the 1992 A and B bonds for the construction of office facilities for the Department of Workforce Services—Employment Security and the Department of Corrections, bonds outstanding at June 30, 2005, are \$12.945 million and \$705 thousand respectively. The Authority issued the 1993 A bond for the construction of office facilities for the Department of Human Services, at June 30, 2005, bonds outstanding are \$3.320 million. The Authority issued the 1995 A bonds for construction of four office facilities to be used by state agencies, the outstanding amount of these bonds at June 30, 2005, is \$8.100 million. The Authority issued the 1996 A and B bonds for construction of facilities for five state agencies and three institutions of higher education; at June 30, 2005, \$3.915 million and \$2.245 million of bonds are outstanding, respectively. The Authority issued the 1997 A bonds for the acquisition and construction of five facilities for the Alcoholic Beverage Control Commission (nonmajor enterprise fund), the outstanding amount of these bonds at June 30, 2005, is \$565 million. The Authority issued the 1998 A bonds for the construction of a facility for the Alcoholic Beverage Control Commission, construction of a warehouse for the Division of Fleet Operations (internal service fund), acquisition of right-of-ways for the construction of highways, and acquisition of the Youth Corrections Facility previously leased through Salt Lake County; bonds outstanding at June 30, 2005, amounted to \$2.215 million. The 1998 C refunding bond advance refunded \$15.655, \$60.925, and \$29.035 million of the 1994 A, 1995 A, and 1996 A bonds, respectively, to take advantage of lower interest rates; \$104.805 million of the bonds are outstanding at June 30, 2005. The Authority issued the 1999 A bonds to build an administration building for the Department of Corrections and the Board of Pardons and Parole Administration, acquire and construct two facilities for the Alcoholic Beverage Commission, and expand a Utah Correctional Industries Facility (nonmajor enterprise fund) at June 30, 2005, \$1.495 million of bonds were outstanding. The Authority issued Series 2001 A and Series 2001 C bonds to construct the Huntsman Cancer Research Hospital, bonds outstanding at June 30, 2005, amounted to \$67.850 million and \$30.300 million respectively. The Authority issued Series 2001 B

bonds for the construction of the Soldier Hollow golf course, an Alcoholic Beverage Control Commission warehouse and two retail outlets, and an additional amount to complete a state agency building. At June 30, 2005, \$24.490 million of Series 2001 B bonds were outstanding. The Authority issued Series 2003 bonds for the construction of a facility for the Alcoholic Beverage Control Commission, an office facility for the Department of Public Safety, the expansion of the West Jordan Court facility, and to refund the 1993 B bonds used for the construction of an office facility for the Department of Education, to take advantage of lower interest rates. At June 30, 2005, \$22.610 million of Series 2003 bonds were outstanding. The Authority issued Series 2004 A and B bonds for the acquisition and construction of office facilities for the Department of Human Services, Office of Rehabilitation, Department of Alcoholic Beverage Control, and other state agencies. In addition, these bonds were issued to advance refund \$8.270, \$2.615, \$9.250, and \$6.700 million of the 1996 B, 1997 A, 1998 A, and 1999 A bonds, respectively, to take advantage of lower interest rates. At June 30, 2005, \$45.310 million of Series 2004 A and \$8.700 million of Series 2004 B were outstanding.

The colleges and universities have issued bonds for various purposes including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities. Bonds payable at June 30, 2005, net of unamortized premium, totaled \$401.892 million.

In the opinion of the bond counsel, the revenue bonds are not a debt, liability, or general obligation of the State of Utah and, therefore, do not impair the legal borrowing capacity of the State.

The enabling legislation for bonds issued by the State Board of Regents (with respect to the Student Assistance Programs), the Utah State Building Ownership Authority, and the Utah Housing Corporation requires or permits these entities to establish debt service reserve funds as reserves for those bonds. The State Financing Consolidation Act also permits the State to establish debt service reserve funds as reserves for obligations issued under that Act. Such reserve funds should be funded to the maximum amount allowed by Federal or statutory law. Should those reserve funds ever fall below their required levels, an appropriation may be sought from the Legislature to cover the deficit. The Legislature may, but is not required to, make such an appropriation. Bonds issued with these types of reserve funds supported by the State are referred to herein as “State Reserve Fund Moral Obligation Bonds.”

As of June 30, 2005, the Utah Housing Corporation, the State Board of Regents, and the Utah State Building Ownership Authority have never failed to pay when due the principal of and interest on any State Reserve Fund Moral Obligation Bonds. The reserve funds for the various State Reserve Fund Moral Obligation Bonds have never been below their respective debt service reserve fund requirements. Therefore, to date no appropriation has ever been requested from the Legislature.

State Of Utah**Revenue Bonds**

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2005
Utah Housing Corporation:			
Single Family Mortgages			
1990 Series E (2)	1993–2022	\$ 40,000	\$ 95
1992 Issue E (2).....	1995–2025	\$ 26,000	520
1992 Issue F (2).....	1995–2025	\$ 26,000	925
1994 Issue A (2)	1996–2026	\$ 25,000	2,715
1994 Issue B (2)	1996–2026	\$ 25,000	725
1994 Issue C (2)	1996–2027	\$ 25,000	980
1994 Issue E (1).....	1996–2027	\$ 25,000	95
1995 Issue A (1)	1997–2027	\$ 25,000	275
1995 Issue B (1)	1998–2012	\$ 25,000	455
1995 Issue C (1)	1997–2027	\$ 25,000	385
1995 Issue D (1)	1997–2022	\$ 25,000	210
1995 Issue E (1).....	1997–2028	\$ 25,000	1,540
1995 Issue F (1).....	1997–2028	\$ 25,000	795
1995 Issue G (1)	1997–2027	\$ 25,000	950
1995 Issue H (1)	1997–2027	\$ 25,000	1,220
1995 Issue I (1).....	1997–2027	\$ 25,000	1,565
1996 Issue A (1)	1998–2028	\$ 25,000	1,410
1996 Series R (1).....	1997–2016	\$ 62,400	6,920
1996 Series B (1).....	2006–2027	\$ 25,000	1,980
1996 Series C (1).....	2006–2028	\$ 25,000	1,470
1996 Series D (1).....	2006–2028	\$ 25,000	3,050
1996 Series E (1).....	1998–2027	\$ 25,000	2,300
1997 Series A (1).....	1998–2027	\$ 25,000	3,165
1997 Series B (1).....	1999–2028	\$ 25,000	2,215
1997 Series C (1).....	1999–2028	\$ 25,000	2,880
1997 Series D (1).....	1999–2029	\$ 25,000	2,730
1997 Series E (1).....	1999–2029	\$ 25,000	3,970
1997 Series F (1)	1999–2029	\$ 25,000	4,450
1997 Series G (1).....	1999–2029	\$ 25,000	4,705
1998 Series A (1).....	2000–2029	\$ 25,000	5,445
1998 Series B (1).....	2000–2029	\$ 25,000	4,950
1998 Series C (1).....	2000–2029	\$ 25,000	5,365
1998 Series D (1).....	2000–2030	\$ 25,000	6,160
1998 Issue E (1).....	2005–2030	\$ 25,000	4,885
1998 Issue F (1).....	2000–2030	\$ 25,000	9,075
1998 Series G (1).....	2000–2030	\$ 30,000	10,305
1999 Series A (1).....	2000–2030	\$ 30,000	9,580
1999 Series B (1).....	2001–2030	\$ 27,500	8,080
1999 Series C (1).....	2001–2031	\$ 30,000	5,115
1999 Series D (1).....	2002–2031	\$ 30,000	4,045
1999 Series E (1).....	2001–2031	\$ 30,000	3,540
1999 Series F (1)	2001–2031	\$ 30,000	3,095
2000 Series A (1).....	2002–2031	\$ 25,000	1,970
2000 Series B (1).....	2010–2031	\$ 25,000	1,300
2000 Series C (1).....	2014–2031	\$ 25,000	19,045
2000 Series D (1).....	2010–2031	\$ 25,000	17,710
2000 Series E (1)	2010–2032	\$ 25,000	17,100

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

Continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2005
2000 Series F (1).....	2002-2031	\$ 25,000	\$ 16,840
2000 Series G (1).....	2003-2032	\$ 25,000	18,300
2001 Series A (1).....	2003-2032	\$ 25,000	19,260
2001 Series B (1).....	2016-2032	\$ 25,000	20,330
2001 Series C (1).....	2017-2033	\$ 25,000	20,085
2001 Series D (1).....	2018-2033	\$ 25,000	20,760
2001 Series E (1).....	2018-2033	\$ 25,000	20,935
2001 Series F (1).....	2018-2033	\$ 25,000	21,505
2002 Series A (1).....	2018-2033	\$ 28,515	22,560
2002 Series B (1).....	2018-2033	\$ 25,000	21,860
2002 Series C (1).....	2010-2033	\$ 28,055	24,190
2002 Series D (1).....	2003-2023	\$ 25,000	22,230
2002 Series E (1).....	2004-2034	\$ 25,000	22,625
2002 Series F (1).....	2012-2034	\$ 25,000	22,790
2002 Series G (1).....	2004-2034	\$ 28,500	25,365
2003 Series A (1).....	2013-2034	\$ 25,000	23,445
2003 Series B (1).....	2005-2034	\$ 29,500	27,190
2003 Series C (1).....	2005-2034	\$ 25,000	23,810
2003 Series D (1).....	2005-2034	\$ 25,000	23,715
2003 Series E (1).....	2005-2034	\$ 25,000	24,040
2003 Series F (1).....	2005-2034	\$ 25,000	23,525
2003 Series G (1).....	2005-2035	\$ 25,000	24,540
2003 Series 3 (1).....	2012-2034	\$ 48,585	735
2004 Series A (1).....	2007-2036	\$ 25,000	24,655
2004 Series B (1).....	2007-2036	\$ 25,000	25,000
2004 Series C (1).....	2007-2036	\$ 25,000	24,945
2004 Series I (1).....	2006-2035	\$ 19,350	1,375
2004 Series D (1).....	2006-2035	\$ 25,000	25,000
2004 Series E (1).....	2006-2036	\$ 25,000	25,000
2004 Series F (1).....	2006-2036	\$ 30,000	30,000
2004 Series G (1).....	2006-2036	\$ 30,000	30,000
2004 Series H (1).....	2006-2036	\$ 30,000	30,000
2004 Series I (1).....	2005-2036	\$ 25,000	25,000
2004 Series 2 (1).....	2035	\$ 25,320	25,320
2005 Series A (1).....	2007-2036	\$ 25,000	25,000
2005 Series B (1).....	2007-2036	\$ 25,000	25,000
2005 Series C (1).....	2007-2036	\$ 30,000	30,000
2005 Series D (1).....	2007-2036	\$ 30,000	30,000
2005 Series I (1).....	2036	\$ 24,125	24,125
Subtotal – Single Family Mortgages			<u>\$ 1,082,515</u>
Multi-Family Mortgages			
1985 Series B (1).....	2007	\$ 6,500	\$ 220
1992 Issue A (2).....	2024	\$ 22,130	4,790
1993 Issue A (2).....	2024	\$ 1,350	165
1995 Issue A & B (1).....	2003-2036	\$ 4,695	4,395
1996 Issue A, B & C (1).....	2028	\$ 4,540	4,128
1996 Series A (1).....	1997-2022	\$ 10,320	2,200
1997 Series A & B (1).....	2002-2027	\$ 9,320	8,705
1998 Series Heather Estates Project (1).....	2000-2029	\$ 9,800	7,550

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

Continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2005
1998 Series A, B & C Hartland (1).....	2012–2028	\$ 10,710	\$ 9,747
1998 Aspen Villas Project (1)	1999–2028	\$ 6,360	5,625
1998 Series B (1)	1999–2016	\$ 10,434	9,891
1999 Series A & B (1)	2010–2037	\$ 13,795	13,415
1999 Country Oaks (1)	2011–2041	\$ 3,195	3,125
1999 Series A & B Bay Harbour (1).....	2031	\$ 3,600	3,439
1999 Series A, B & C Todd Hollow (1)	2033	\$ 12,195	12,061
2000 Series A & B The Riverview (1).....	2012–2030	\$ 6,150	5,840
2000 Series A Holiday Village (1)	2032	\$ 4,030	3,486
2000 Series A Shaleh Meadows (1).....	2010–2033	\$ 6,600	6,520
2000 Series Tooele Gateway (1).....	2033	\$ 3,263	3,191
2001 Issue Candlestick (1)	2036	\$ 6,400	6,400
2001 Series Kings Row (1).....	2016–2033	\$ 7,500	7,360
2001 Series Mill Creek II Project (1)	2019	\$ 1,850	1,780
2001 Series A Haven Point Project (1).....	2026–2043	\$ 11,100	10,975
2001 Series A Holly Stonehedge I Village Square II (1).....	2018–2037	\$ 6,895	6,700
2002 Series A The Bluffs Apartment Project (1).....	2018–2044	\$ 11,700	11,605
2002 Series A Bountiful Retreat Project (1).....	2007–2043	\$ 4,635	4,570
2002 Series A City Front (1)	2006–2035	\$ 9,700	9,700
2002 Series A Canyon View (1).....	2014–2044	\$ 4,100	4,055
2003 Series A Sunset Ridge (1).....	2028–2045	\$ 15,500	15,500
2003 Series A Coppergate (1).....	2027–2045	\$ 14,100	14,100
2003 Series A Layton Pointe (1)	2035	\$ 3,800	3,800
2004 Series A & B Tanglewood Project (1)	2017–2035	\$ 9,400	9,400
2004 Series A Foxboro Terrace Project (1)	2007–2046	\$ 10,000	10,000
2004 Series A-T Laurelwood Project (1).....	2018–2042	\$ 4,510	4,510
2004 Series Diamond Fork Project (1).....	2004–2046	\$ 3,525	3,525
2004 Series Rose Cove Project (1).....	2004–2046	\$ 6,705	6,705
2004 Series Cedar Point (1).....	2032	\$ 8,100	8,100
2005 Series Park Gate (1).....	2013–2046	\$ 5,710	5,710
2005 Series Green Grove (1)	2046	\$ 2,040	2,040
Subtotal – Multi-Family Mortgages.....			\$ 255,028
2005 General Revenue Office Building Bonds.....	2006–2015		4,545
Total Utah Housing Corporation Bonds			<u>\$ 1,342,088</u>
Board of Regents/Student Loan Bonds:			
1988 Series C (2)	2013	\$ 25,000	\$ 25,000
1993 Series A (2)	2023	\$ 35,000	35,000
1994 Series J (2)	2006	\$ 3,250	3,250
1994 Series K (2).....	2024	\$ 20,500	20,500
1995 Series L (2)	2025	\$ 79,500	79,500
1995 Series N (2).....	2006–2008	\$ 8,450	8,450
1996 Series P (2)	2006–2008	\$ 9,300	9,300
1996 Series Q (2).....	2031	\$ 49,700	49,700
1997 Series R (2).....	2031	\$ 51,355	51,355
1997 Series E (2)	2027	\$ 80,000	80,000
1997 Series F (2)	2006–2008	\$ 10,900	10,900
1998 Series G (2).....	2033	\$ 49,500	49,500
1998 Series H (2).....	2006	\$ 15,075	5,000
1998 Series I (2)	2007–2008	\$ 5,300	5,300

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

Continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2005
1998 Series J (2)	2033	\$ 40,000	\$ 40,000
1999 Series K (2)	2033	\$ 29,500	29,500
1999 Series L (2)	2033	\$ 40,000	40,000
1999 Series M (2)	2033	\$ 20,000	20,000
1999 Series N (2)	2008	\$ 23,000	23,000
1999 Series O (2)	2038	\$ 102,000	102,000
2000 Series S (2)	2008	\$ 44,000	44,000
2000 Series T (2)	2035	\$ 49,500	49,500
2000 Series U (2)	2039	\$ 35,000	35,000
2001 Series P (2)	2035	\$ 45,000	45,000
2001 Series Q (2)	2035	\$ 10,000	10,000
2001 Series R (2)	2040	\$ 75,000	75,000
2001 Series S (2)	2041	\$ 100,100	100,100
2001 Series T (2)	2036	\$ 12,350	12,350
2001 Series U (2)	2009–2010	\$ 7,565	7,565
2002 Series V (2)	2036	\$ 65,000	65,000
2002 Series W (2)	2036	\$ 9,250	9,250
2002 Series X (2)	2009	\$ 35,850	35,850
2002 Series Office Facility Project (2)	2022	\$ 8,152	7,318
2003 Series V (2)	2010	\$ 43,350	40,100
2003 Series Y (2)	2037	\$ 83,900	83,900
2004 Series Z (2)	2038	\$ 83,100	83,100
2004 Series Office Facility Project (2)	2024	\$ 3,685	3,510
2005 Series W (2)	2039	\$ 91,080	91,080
2005 Series X (2)	2044	\$ 60,000	60,000
Total Board of Regents/Student Loan Bonds			<u>\$ 1,544,878</u>
Utah State Building Ownership Authority Bonds:			
1992 A Utah State Building Ownership Authority Refunding (2)	1993–2011	\$ 26,200	\$ 12,945
1992 B Utah State Building Ownership Authority (2)	1994–2011	\$ 1,380	705
1993 A Utah State Building Ownership Authority (2)	1995–2013	\$ 6,230	3,320
1995 A Utah State Building Ownership Authority (1)	1996–2007	\$ 93,000	8,100
1996 A Utah State Building Ownership Authority (1)	1997–2007	\$ 44,725	3,915
1996 B Utah State Building Ownership Authority (1)	1999–2007	\$ 16,875	2,245
1997 A Utah State Building Ownership Authority (1)	1999–2008	\$ 4,150	565
1998 A Utah State Building Ownership Authority (1)	1999–2008	\$ 25,710	2,215
1998 C Utah State Building Ownership Authority (1)	2000–2019	\$ 105,100	104,805
1999 A Utah State Building Ownership Authority (1)	2001–2009	\$ 9,455	1,495
2001 A Utah State Building Ownership Authority (1)	2005–2021	\$ 69,850	67,850

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

Continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2005
2001 B Utah State Building Ownership Authority (1).....	2002–2024	\$ 25,780	\$ 24,490
2001 C Utah State Building Ownership Authority (1).....	2005–2022	\$ 30,300	30,300
2003 Utah State Building Ownership Authority (1).....	2005–2025	\$ 22,725	22,610
2004 A Utah State Building Ownership Authority (1).....	2005–2027	\$ 45,805	45,310
2004 B Utah State Building Ownership Authority (1).....	2005–2013	\$ 8,920	8,700
Total Utah State Building Ownership Authority Bonds			<u>\$ 339,570</u>
Colleges and Universities:			
University of Utah (1).....	2006–2027	\$ 342,970	\$ 238,100
Utah State University (1).....	2005–2035	\$ 100,845	90,809
Weber State University (1)	2005–2031	\$ 20,995	15,745
Southern Utah University (1).....	2014–2023	\$ 20,545	14,630
Utah Valley State College (1).....	2011–2020	\$ 21,555	19,900
Dixie State College of Utah (1)	2010–2023	\$ 10,790	8,235
College of Eastern Utah (1)	2022	\$ 1,250	1,000
Salt Lake Community College (1)	2005–2016	\$ 23,205	12,344
Snow College (1)	2023	\$ 2,500	1,893
Total Colleges and Universities			<u>\$ 402,656</u>

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

State Of Utah

Population

According to the Utah Population Estimates Committee, Utah's population in 2004 was 2,469,000 persons, which represents a growth rate of 2.3 percent from 2003. The U.S. Census Bureau ranks Utah as the 34th largest of the fifty states and the District of Columbia. However, its rate of population increase from 2003 to 2004 was the seventh highest in the nation. Utah also continues to have a distinctive demographic profile: the state's population is younger, women tend to have more children, people on average live in larger households, and people tend to survive to older ages in comparison to other states.

Utah continues to have the youngest population in the nation. Although the State's median age increased slightly from 27.1 in 2000 to 27.9 in 2004, it is still well below the national median of 36.0. Utahns under age 18 accounted for 30.9 percent of the total population in 2004, while those 65 years and over accounted for 8.7 percent of the population. Males in Utah accounted for 50.2 percent of the population in 2004, compared to 50.1 percent in 2000, while females accounted for 49.8 percent of the population in 2004. In 2004, Utah had the largest household size in the nation, with an average 3.01 persons per household, compared with 2.60 for the U.S. The average family size in Utah is also the largest in the nation at 3.57, compared with the national average of 3.14.

In 2004, Salt Lake County continued to be the State's largest county, with a population of 955,166. The other Utah counties with a large population were Utah (437,627), Davis (268,916), and Weber (209,547). Three out of every four people in the State live in the northern metropolitan area including Weber, Davis, Salt Lake, and Utah Counties, where 1,871,256 residents (76 percent) of the State's population reside.

Year	Population
1970	1,066,000
1980	1,474,000
1990	1,729,000
1995	1,995,000
1996	2,043,000
1997	2,099,000
1998	2,142,000
1999	2,193,000
2000	2,247,000
2001	2,306,000
2002	2,358,000
2003	2,414,000
2004	2,469,000
2005 (estimate).....	2,529,000

Source: Utah Population Estimates Committee at July 1 each year.

2005 estimate – Governor's Office of Planning & Budget Projections

Taxable Retail Sales and Personal Income

The following table shows the gross taxable retail sales, total personal income, and per capita income in Utah for the last ten years.

Year Ended December 31	Gross Taxable Retail Sales (A) (in millions)	Total Personal Income (B) (in millions)	Per Capita Personal Income (B)	Per Capita Percent of Change From Previous Year
1995	\$ 23,609	\$ 37,218	\$ 18,478	5.2%
1996	\$ 25,844	\$ 40,386	\$ 19,529	5.7%
1997	\$ 26,829	\$ 43,667	\$ 20,600	5.5%
1998	\$ 28,645	\$ 47,019	\$ 21,708	5.4%
1999	\$ 29,999	\$ 49,343	\$ 22,393	3.2%
2000	\$ 31,645	\$ 53,561	\$ 23,878	6.6%
2001	\$ 32,426	\$ 56,594	\$ 24,809	3.9%
2002	\$ 32,512	\$ 58,163	\$ 25,073	1.1%
2003	\$ 32,560	\$ 60,320	\$ 25,645	2.3%
2004	\$ 35,310	\$ 64,376	\$ 26,946	5.1%

(A) Source: Utah State Tax Commission based on sales and use tax reports.

(B) Source: U.S. Department of Commerce, Bureau of Economic Analysis.

State Of Utah**Personal Income by Sector**

For the Last Four Calendar Years (A)

(Expressed in Millions)

					Percent Change
	2001	2002	2003	2004	2003 to 2004
Government Sector:					
Federal Civilian	\$ 2,194	\$ 2,424	\$ 2,480	\$ 2,639	6.4%
Federal Military	495	631	781	819	4.9
State and Local	5,702	5,973	6,172	6,568	6.4
Total Government	8,391	9,028	9,433	10,026	6.3
Private Sector:					
Forestry, Fishing, and related activities	55	46	50	50	1.8
Mining	551	533	578	664	14.8
Utilities	408	460	372	387	4.0
Construction	3,492	3,581	3,722	4,181	12.3
Manufacturing	5,928	5,776	6,083	6,318	3.9
Wholesale Trade	2,132	2,120	2,149	2,334	8.6
Retail Trade	3,580	3,640	3,761	4,057	7.9
Transportation and Warehousing	2,106	2,100	2,133	2,285	7.1
Information	1,671	1,548	1,549	1,653	6.7
Financial and Insurance	2,634	2,755	2,915	3,056	4.9
Real Estate, Rental, and Leasing	919	1,020	1,201	1,386	15.4
Professional and Technical Services	3,873	4,007	4,395	4,695	6.8
Management and Enterprises Services	1,177	1,061	1,069	1,155	8.0
Administrative and Waste Services	1,606	1,588	1,591	1,822	14.5
Educational Services	665	705	746	787	5.5
Health Care and Social Assistance	3,278	3,515	3,739	4,040	8.0
Arts, Entertainment, and Recreation	453	565	441	458	3.8
Accommodation and Food Services	1,200	1,260	1,271	1,340	5.5
Farm Earnings	277	187	225	246	9.4
Other Services	1,877	2,051	2,158	2,296	6.4
Total Private	37,882	38,518	40,148	43,210	7.6
(Less) Social Insurance Contribution ...	(5,030)	(5,189)	(5,351)	(5,748)	7.4
Plus (Less) Residence Adjustment	18	10	19	30	59.9
Plus Dividends, Interest, and Rent	9,372	9,301	9,211	9,603	4.2
Plus Transfer Payments	5,961	6,495	6,860	7,255	5.8
Total Personal Income	\$ 56,594	\$ 58,163	\$ 60,320	\$ 64,376	6.7%

(A) Only four years of comparative data is presented because of changes in the industry classification system from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001.

Source: Bureau of Economic Analysis, U.S. Department of Commerce

State Of Utah

Composition of Labor Force

Annual Average — For the Last Five Calendar Years

	2000	2001	2002	2003	2004
Nonagricultural Jobs:					
Government.....	185,349	190,117	195,246	196,537	198,877
Mining	7,291	7,209	6,880	6,670	7,083
Construction.....	72,309	71,620	67,838	67,599	72,631
Manufacturing.....	125,784	122,092	113,873	112,291	114,765
Trade, Transportation, and Utilities	219,823	219,954	216,032	213,970	219,212
Information	35,927	33,514	31,004	30,016	30,272
Financial Activity.....	58,731	62,214	63,352	64,674	65,040
Professional and Business Services.....	139,533	136,646	131,912	131,910	138,220
Education and Health Services.....	104,855	109,520	113,696	118,379	123,282
Leisure and Hospitality	95,391	98,328	100,943	99,634	102,031
Other Services	29,886	30,471	32,970	32,451	32,915
Total Non-Farm Jobs	<u>1,074,879</u>	<u>1,081,685</u>	<u>1,073,746</u>	<u>1,074,131</u>	<u>1,104,328</u>
Civilian Labor Force	1,133,870	1,153,387	1,174,582	1,188,279	1,203,459
Total Employed.....	1,095,657	1,103,028	1,107,379	1,121,088	1,140,498
Unemployed	38,213	50,359	67,203	67,191	62,961

Sources: Utah Department of Workforce Services

Average Annual Unemployment Rate

For the Last Five Calendar Years

Year	Utah	U.S.
2001	4.4%	4.7%
2002	5.7%	5.8%
2003	5.7%	6.0%
2004	5.2%	5.5%
2005*	4.7%	5.1%

* 2005 figures are a forecast.

Source: Utah Department of Workforce Services

State Of Utah

Gross Taxable Retail Sales and Use Tax Purchases

For the Last Five Calendar Years

(Expressed in Thousands)

	Gross Taxable Retail Sales and Purchases					Percent Change	Percent Change
	2000	2001	2002	2003	2004	2002 to 2003	2003 to 2004
Major Industry:							
Agriculture, Forestry, and Fishing	\$ 32,173	\$ 35,596	\$ 37,667	\$ 41,251	\$ 44,957	9.5%	9.0%
Mining	202,157	207,660	157,344	141,246	195,448	(10.2)	38.4
Construction	407,857	368,364	315,095	305,795	368,876	(3.0)	20.6
Manufacturing	1,543,234	1,587,075	1,369,021	1,392,412	1,691,533	1.7	21.5
Transportation.....	149,218	144,106	96,434	89,823	128,218	(6.9)	42.7
Communications.....	1,414,682	1,557,602	1,439,856	1,446,260	1,560,694	0.4	7.9
Electric, Gas, and Sanitation.....	1,177,946	1,409,270	1,523,791	1,387,049	1,519,636	(9.0)	9.6
Wholesale Trade	3,444,614	3,278,275	3,099,989	3,105,001	3,611,473	0.2	16.3
Retail – Building and Garden	1,425,560	1,458,472	1,486,673	1,614,034	1,959,691	8.6	21.4
Retail – General Merchandise.....	2,797,187	3,109,893	3,598,472	3,820,217	4,171,005	6.2	9.2
Retail – Food Stores	3,640,537	3,517,793	3,202,859	3,053,661	3,121,582	(4.7)	2.2
Retail – Motor Vehicle Dealers, Etc.	3,389,595	3,576,620	3,734,295	3,812,401	4,042,714	2.1	6.0
Retail – Apparel and Accessories	789,358	803,018	831,992	853,364	928,207	2.6	8.8
Retail – Furniture.....	1,371,176	1,312,754	1,366,026	1,392,368	1,532,702	1.9	10.1
Retail – Eating and Drinking Places .	1,906,402	1,945,538	2,013,285	2,067,534	2,245,103	2.7	8.6
Retail – Miscellaneous.....	1,958,130	2,023,517	2,122,603	2,195,189	2,350,224	3.4	7.1
Finance, Insurance, and Real Estate .	469,097	442,357	457,361	390,057	355,012	(14.7)	(9.0)
Services – Hotel and Lodging.....	583,185	599,113	673,869	599,477	660,607	(11.0)	10.2
Services – Personal.....	199,676	208,377	211,604	210,603	211,340	(0.5)	0.4
Services – Business	1,222,525	1,147,355	1,004,714	973,215	989,789	(3.1)	1.7
Services – Auto and Repair	1,239,304	1,263,276	1,210,831	1,173,559	1,213,454	(3.1)	3.4
Services – Amusement and Recreation	714,251	727,114	731,443	729,540	748,019	(0.3)	2.5
Services – Health	93,274	96,295	104,390	113,896	110,631	9.1	(2.9)
Services – Education	224,239	225,478	220,365	205,386	245,416	(6.8)	19.5
Public Administration.....	66,505	67,043	77,846	93,453	83,973	20.0	(10.1)
Private Motor Vehicle Sales	605,250	613,687	597,282	668,029	578,562	11.8	(13.4)
Occasional Retail Sales.....	71,489	110,828	96,477	82,743	84,058	(14.2)	1.6
Nondisclosable	31,164	36,438	34,313	26,724	19,572	(22.1)	(26.8)
Prior Period Payments, Refunds	475,228	553,275	696,254	575,755	538,379	(17.3)	(6.5)
Total.....	<u>\$31,645,013</u>	<u>\$32,426,189</u>	<u>\$32,512,151</u>	<u>\$32,560,042</u>	<u>\$35,310,875</u>	0.1%	8.4%

Source: Utah State Tax Commission

Bank Deposits

For the Last Ten Fiscal Years

(Expressed in Thousands)

Year Ended June 30	Bank Deposits
1995.....	\$ 16,683,077
1996.....	\$ 18,315,221
1997.....	\$ 20,417,555
1998.....	\$ 21,522,892
1999.....	\$ 24,060,069
2000.....	\$ 43,296,445 *
2001.....	\$ 87,155,101 *
2002.....	\$ 90,890,502 *
2003.....	\$ 92,562,634 *
2004.....	\$110,417,837 *

* Significant changes in certain banking operations resulted in a substantial increase in deposits starting in 2000.

Source: 2005/Highland Data.

State Of Utah

Largest Employers

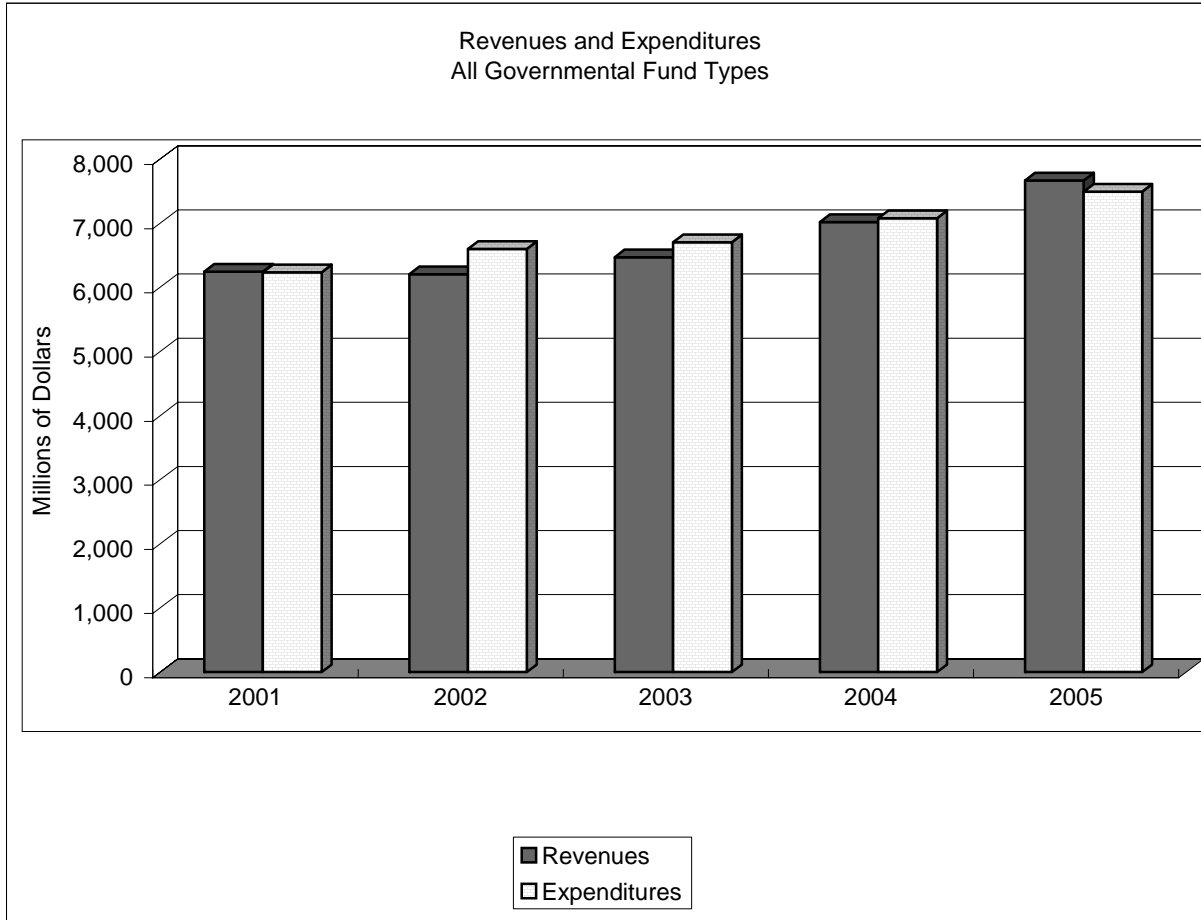
Annual Average 2004

Firm Name	Business	Employee Range
Intermountain Health Care (IHC)	Hospitals and Clinics.....	20,000+
State of Utah	State Government.....	20,000+
University of Utah (Includes Hospital)	Higher Education.....	15,000–19,999
Brigham Young University	Higher Education.....	15,000–19,999
Wal-Mart Stores	Department Stores	10,000–14,999
Hill Air Force Base	Military Installation.....	10,000–14,999
Granite School District.....	Public Education	7,000–9,999
Convergys	Telemarketing.....	7,000–9,999
Jordan School District.....	Public Education	7,000–9,999
Davis County School District.....	Public Education	7,000–9,999
Kroger Group Cooperative.....	Retail Stores	5,000–6,999
Salt Lake County.....	Local Government.....	5,000–6,999
Utah State University	Higher Education.....	5,000–6,999
Alpine School District.....	Public Education	5,000–6,999
Internal Revenue Service	Federal Government	5,000–6,999
U.S. Postal Service.....	Mail Distribution	5,000–6,999
Novus (Discover Card)	Consumer Loans.....	5,000–6,999
Albertsons	Grocery Stores.....	4,000–4,999
Autoliv ASP (Morton Int'l.).....	Automotive Components Manufacturing	4,000–4,999
ATK Aerospace Company	Aerospace Equipment Manufacturing	4,000–4,999
Delta Airlines	Air Transportation	4,000–4,999
Salt Lake City School District.....	Public Education	3,000–3,999
Zions First National Bank	Banking	3,000–3,999
Weber County School District	Public Education	3,000–3,999
Icon Health & Fitness	Exercise Equipment Manufacturing	3,000–3,999
SOS Temporary Services	Temporary Employment Placement.....	3,000–3,999
Wells Fargo Bank, NA.....	Banking	3,000–3,999
Salt Lake City Corporation	Local Government	3,000–3,999
United Parcel Service.....	Courier Service.....	3,000–3,999
Nebo School District.....	Public Education	3,000–3,999
Weber State University	Higher Education.....	2,000–2,999
Teleperformance USA.....	Telemarketing.....	2,000–2,999
Utah Valley State College.....	Higher Education.....	2,000–2,999
Salt Lake Community College	Higher Education.....	2,000–2,999
Qwest Corporation.....	Telephone Service/Communications	2,000–2,999
Provo City School District	Public Education	2,000–2,999
Washington County School District.....	Public Education	2,000–2,999
Home Depot	Building Supply Store	2,000–2,999
Macey's Inc.....	Grocery Stores.....	2,000–2,999
JC Penney Company	Department Stores	2,000–2,999
Skywest Airlines	Air Transportation	2,000–2,999
PacificCorp (Utah Power).....	Electric Power Generation and Distribution.....	2,000–2,999

Source: Utah Department of Workforce Services, Workforce Information

**Revenues and Expenditures
All Governmental Fund Types**

For the Last Five Fiscal Years



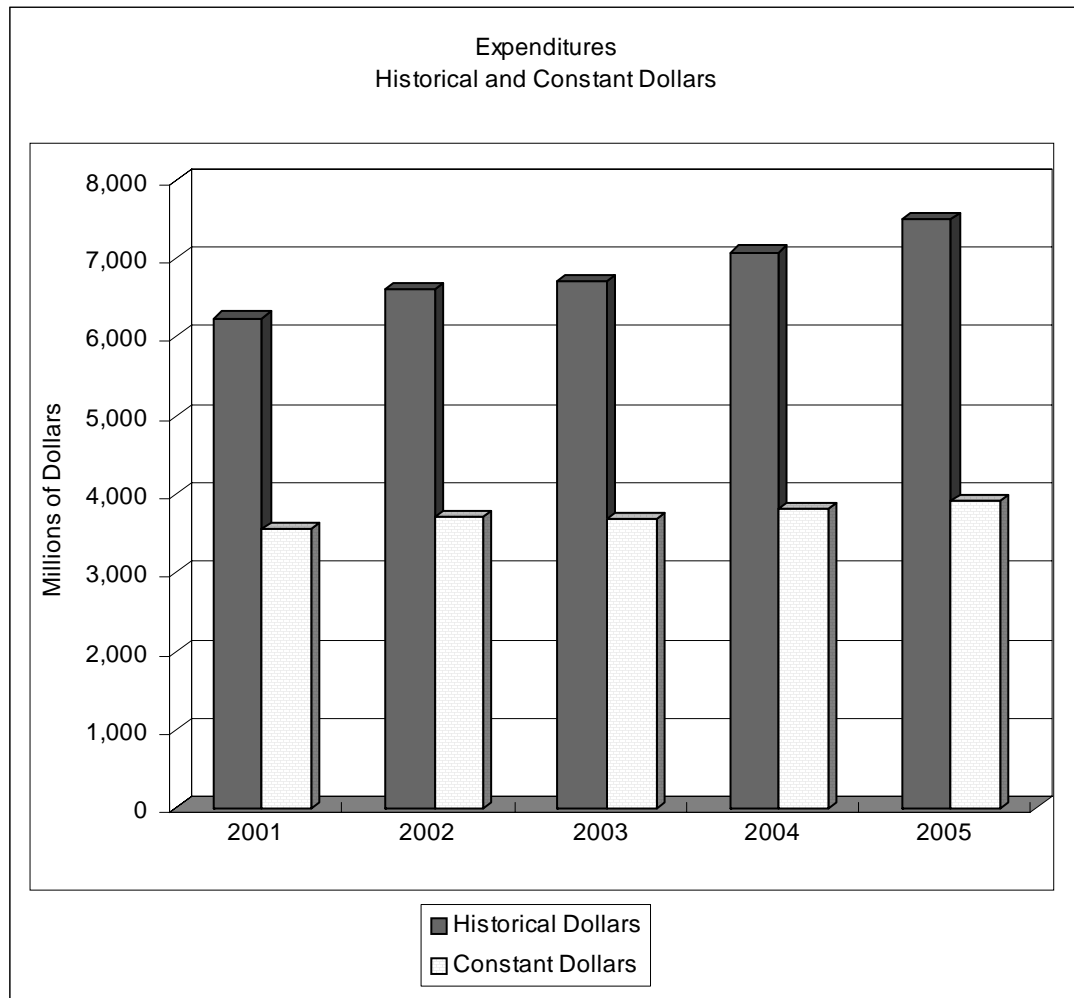
	(Dollars Expressed in Millions)				
	2001 (A)	2002 (B)	2003 (B)	2004 (B)	2005 (B)
Revenues and Liquor Control Profit Transfer.....	\$ 6,243	\$ 6,202	\$ 6,468	\$ 7,017	\$ 7,665
Percent Change Over Previous Year.....	3.7%	n/a	4.3%	8.5%	9.2%
Expenditures.....	\$ 6,234	\$ 6,598	\$ 6,703	\$ 7,075	\$ 7,490
Percent Change Over Previous Year.....	4.2%	n/a	1.6%	5.5%	5.9%

- (A) Prior to fiscal year 2002, revenues and expenditures of “All Governmental Fund Types” include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.
- (B) Beginning in fiscal year 2002, this summary includes revenues and expenditures of the State’s major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in 2002 and thereafter are not comparable to prior years.

State Of Utah

Expenditures Historical and Constant Dollars All Governmental Fund Types

For the Last Five Fiscal Years



	<i>(Dollars Expressed in Millions)</i>				
	2001 (B)	2002 (C)	2003 (C)	2004 (C)	2005 (C)
Historical Dollars	\$ 6,234	\$ 6,598	\$ 6,703	\$ 7,075	\$ 7,490
Percent Change Over Previous Year	4.2%	n/a	1.6%	5.5%	5.9%
Constant Dollars (A)	\$ 3,560	\$ 3,703	\$ 3,681	\$ 3,802	\$ 3,909
Percent Change Over Previous Year	0.8%	n/a	(0.6)%	3.3%	2.8%

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers.
Base Year 1982–1984 = 100

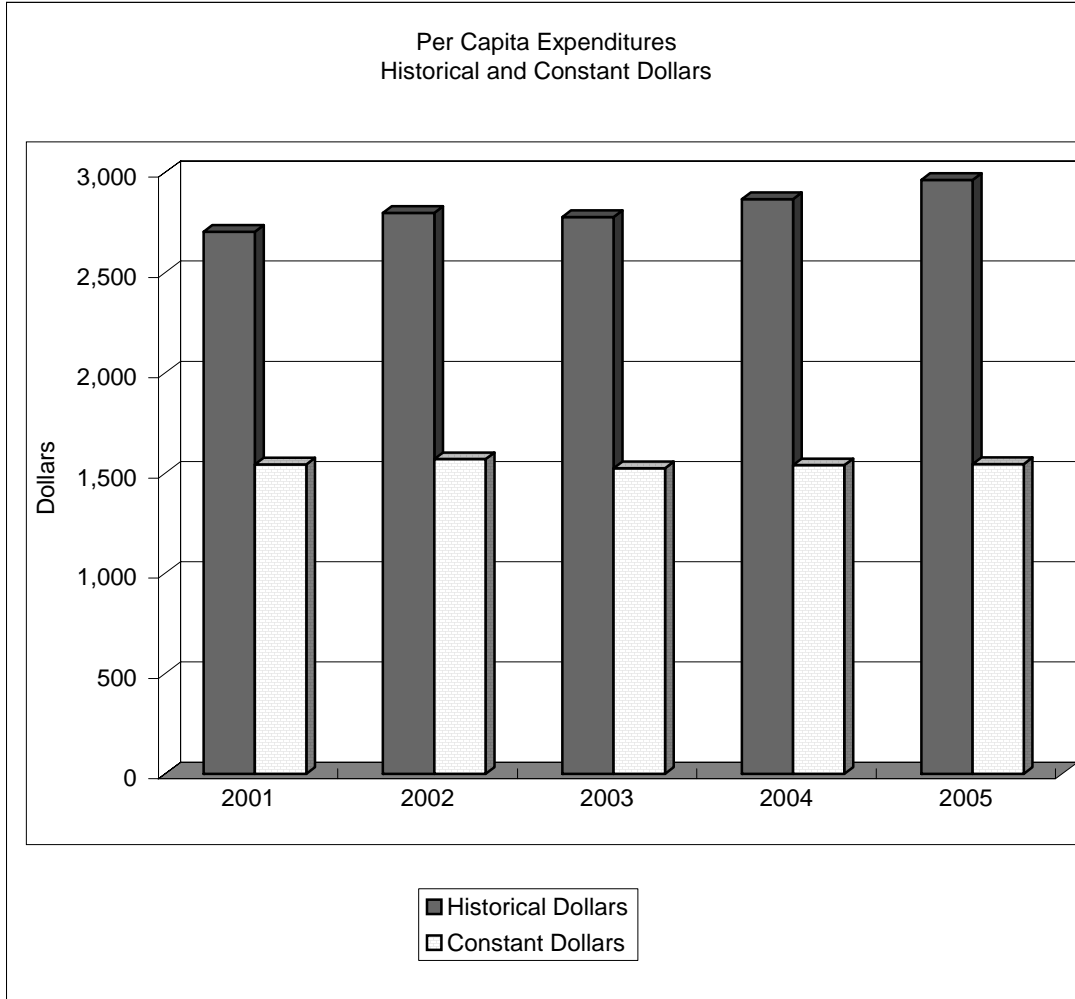
(B) Prior to fiscal year 2002, expenditures of “All Governmental Fund Types” include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State’s major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in 2002 and thereafter are not comparable to prior years.

State Of Utah

Per Capita Expenditures Historical and Constant Dollars All Governmental Fund Types

For the Last Five Fiscal Years



	2001 (B)	2002 (C)	2003 (C)	2004(C)	2005 (C)
Historical Dollars.....	\$ 2,703	\$ 2,798	\$ 2,777	\$ 2,866	\$ 2,962
Percent Change Over Previous Year.....	0.5%	n/a	(0.8)%	3.2%	3.3%
Constant Dollars (A).....	\$ 1,544	\$ 1,570	\$ 1,525	\$ 1,540	\$ 1,546
Percent Change Over Previous Year.....	(5.6)%	n/a	(2.9)%	1.0%	0.4%

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers.
Base Year 1982–1984 = 100

(B) Prior to fiscal year 2002, expenditures of “All Governmental Fund Types” include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State’s major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported 2002 and thereafter, are not comparable to prior years.